

BUSINESS WEEK

YEAR
AGO

WEEK
AGO

START
OF WAR
1939



Fred M. Vinson: New
hand on the credit pump

BUSINESS
WEEK
INDEX

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1-C

Sometimes governments destroy jobs

TALKING about 40 or 50 or 60 million jobs isn't going to produce them. And government can't put 60 million people to work—there wouldn't be anyone left to pay the bills. Active business is the only thing that ever makes jobs. Therefore every government tax law, or labor law, or "directive" that restricts business restricts jobs.

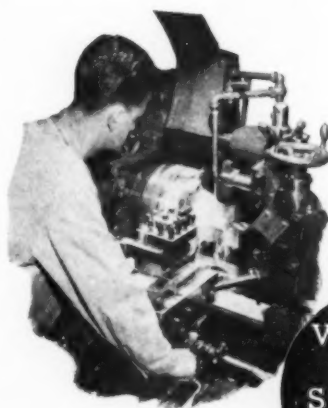
There are more than 5,000,000 jobs created by the automobile industry because years ago a few pioneers had the courage to go into business for themselves, and operated under a government that enabled them to plow profits back into the business so they could grow, and so hire more people.

There are more than 1,500,000 jobs in the oil

industry because men drilled wells and built refineries with the hope of profit. Thousands failed, a few made money—but they made jobs, too.

The machine tool industry, without which this country could never have armed itself, was ready for war because a few hard working men years ago went into business for themselves and were able to keep the profits of good years to carry them over the inevitable bad years, and so stay in business.

Business, labor, individuals — and government itself—all need a certain amount of wise, fair regulation. But let's be sure the regulations don't become restrictions that destroy the very thing they promise to protect—*jobs*.



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In war or peace
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A typical example of B. F. Goodrich development in rubber

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He tried synthetic rubber but it wasn't elastic enough—a band big enough to go over the heads of the vegetables wouldn't snap back around

the stems tight enough to hold them. And workmen for hand tying were getting more and more impossible to find.

The farmer heard of B. F. Goodrich developments in synthetic rubber, and so came here. Engineers believed if they solved this problem the development would have war applications, so they went to work.

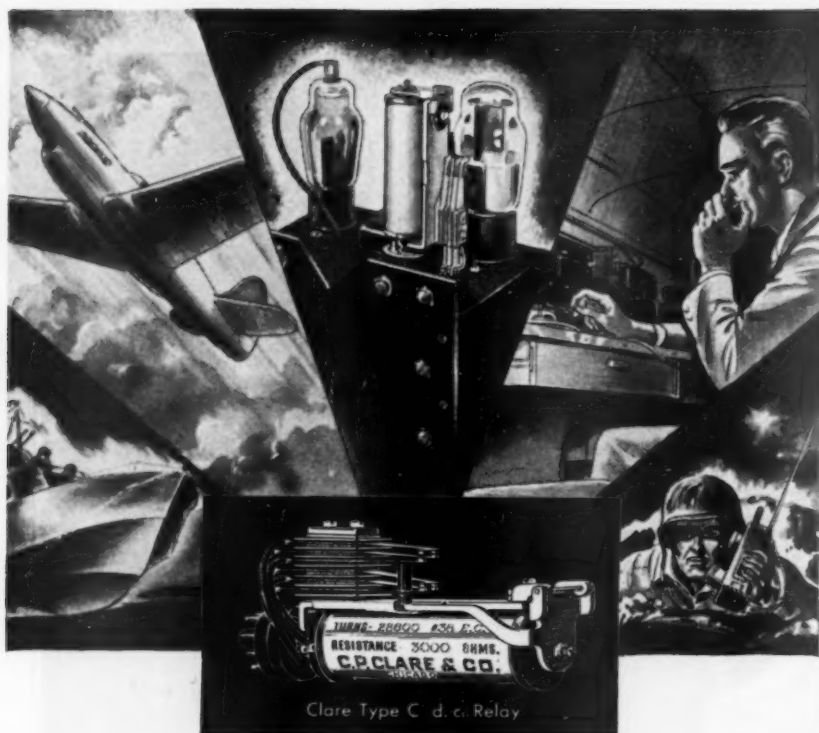
They knew the molecular structure which gives natural rubber its snap and literally built a new synthetic around it. Don't expect it yet in office rubber bands but it put this vegetable bunching machine in motion again

and released men for important work elsewhere on the farm.

This is typical of B. F. Goodrich research which is constantly applied to every rubber product you use—specialties as well as standard belting, hose and packing. Because this research and improvement are going on all the time, it pays to find out what improvements B. F. Goodrich has made recently in the rubber products you buy. *The B. F. Goodrich Co., Industrial Products Division, Akron, O.*

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WASHINGTON BULLETIN

ARMY'S BIGGEST JOB

Washington now is looking past V-E Day to the problem of "redeployment"—the shift of the striking force from Europe to Asia. War Dept. officials are letting it be known that this is the toughest assignment the military ever had, particularly from a supply standpoint.

And because supply is fundamentally a civilian operation, redeployment may also be the toughest phase of the war for civilians.

The Army's awe for the task explains at least in part why it will exert every effort to keep war production as near full blast as possible for as long as it can after V-E Day.

Administration Plays Safe

There are indications that the Army's designs are shared higher up for another reason—politics. Administration leaders can be expected to throw their weight against any big letdown in the war production program. Already looking ahead to the 1946 congressional elections, Administration politicians want to play safe, take no chances on losing votes because of spreading unemployment.

Politicians will concede more readily than the military, however, that the civilian front will need quick reinforcement—more consumer goods, and producer goods; too, in almost all essential lines. The situation now in steel, food, clothing, leather, and paper is bad, the worst since the start of the war (BW-Mar.10'45,p15).

Pointed evidence of the pinch put on the domestic economy by the latest flood of military demands and the requirements of liberated areas is the appointment of an export control committee (page 113) by War Mobilization Director James F. Byrnes.

No Commitments

In all probability, the military will have to trim its schedules after V-E Day more rapidly than it now is willing to admit—perhaps as much as 35% (page 9)—but it is determined not to agree in advance to any specific cut in the over-all program as it did last summer when the war seemed almost won. It wants to release industries from war work plant-by-plant, first making sure that no other military orders can be substituted for the ones that are being terminated.

WPB's intention to keep a firm hold on the reconversion reins is evidenced by its announcement of the

new production adjustment program. Instead of an across-the-board removal of production controls after V-E Day, there will be a series of clearances for individual plants—spot authorizations on a grander and presumably more liberal scale (BW-Feb.17'45,p5).

The program will be administered by an interagency Production Readjustment Committee. Procurement agencies will report to the PRC whenever they plan a cutback involving over \$500,000 in any month. Later they will follow up with a detailed analysis of the effects of the cutbacks and recommendations as to how they should be handled.

PRC will chew over this information and then pass recommendations along to the local Production Urgency Committees. Final decision as to what a plant can do after its orders are canceled will rest with the PUC's. As a rule, the plant is to return to civilian production only if there is no other war work that can be assigned to it.

Temporary Program

This plan will tide WPB and the procurement agencies over the period immediately following the collapse of Germany. It probably will not hold together when the big cutbacks start to come. Its procedure is too cumbersome and its control is too tight for any period in which manufacturers—and consumers—see manpower and materials available around them. Hence, the current version of the V-E Day plan probably will give way sooner or later to a broad relaxation of controls similar to the original draft of the V-E Day plan (BW-Sep.16'44,p15).

Reconversion is likely to come with a rush once the armed services let it start. The longer war production continues at the present breakneck pace after V-E Day, the greater the stockpiles that will be built up for the Japanese war, and the smaller the schedules that will be needed to supply operations in Asia.

OPA COMPROMISES

OPA announced this week the standards it will use in requiring distributors to absorb cost increases. As finally issued, these standards represent a compromise. Absorption on some items (those which have uniform, dollar-and-cents ceilings, for example) will be gaged on the basis of expense rates and margins for the trade as a whole.

On other items, OPA has yielded to the trade and will require absorption on the basis of individual stores' experience (BW-Jan.27'45,p5).

By and large, the trade figures that it got off easy. Retailers, in general, are now more complaisant about price control than they ever have been. The American Retail Federation (holding company for many individual trade associations) will ask Congress to continue the price control law, as is, for twelve months.

Last year, the retailers en masse proposed a score of amendments to the law and got some of them passed.

DIVIDED COUNCILS

When the coal wage conference resumed this week after a recess called to allow operators time to formulate their position on the union's 18 demands (BW-Mar.10'45,p17), John L. Lewis could count among his tactical advantages a divided opposition. The operators were unable to agree among themselves on how to answer Lewis and what counterproposals to advance.

Another schism in the employers' ranks derives from the determination of the southern operator group to challenge in court the union's right to get a government-conducted strike vote. An important section of the industry feels that such a move only beclouds the negotiations and is bad public relations.

All sections on the employer side glumly admit that the miners will back Lewis to the limit, vote or no vote.

JOB DRAFT GAINS

Administration forces gained ground this week in their drive to secure a stiff manpower bill, when the House refused to accept the Senate's mild version, but the value of the success remained dubious.

Further stalling on the legislation in the Senate-House conference committee appeared likely. Though the conference group leans slightly toward the tougher Bailey-May bill adopted earlier by the House, there is little chance of a speedy compromise which would meet acceptance in both bodies.

Coalition Move Beaten

The test in the House came when an odd coalition of Republicans and C.I.O.-dominated Democrats sought to secure

THE TOUCH OF TOMORROW IN THE PLANES OF TODAY



Loads for a Landing on Nippon

Into the spacious hold of the Packet will go lethal cargoes—destination Japan. Guns, light tanks, shells, trucks or paratroopers; material and men for victory in the Pacific will be airborne in the Army's "flying boxcar," the new cargo carrier designed by Fairchild and built by Fairchild and North American Aviation.

The Packet, first airplane produced *specifically* for cargo transport, can carry up to nine tons. Its range, with lighter loads, is more than 3,500 miles.

Forty-two paratroopers with full equipment can be "delivered" through two jump doors in the stern, clear of any obstruction. An ingenious device sends equipment

parachuting through special doors in the belly, simultaneously with each paratrooper's jump.

The Packet is loaded with extreme ease. Its fuselage floor is level and at standard truck-floor height. Cargo capacity is 2,312 cubic feet—about 88 per cent of the capacity of a standard railroad boxcar.

This all-metal, twin-engine, flying boxcar possesses characteristics inherent in all Fairchild products, "the touch of tomorrow in the planes of today." With but minor modifications it will become an efficient and profitable carrier of cargo in peacetime commerce, the flying boxcar of the new air age.

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approval of the weaker Senate measure, without sending the two measures to conference.

Speaker Sam Rayburn, without the aid of 42 normally 100% Roosevelt Democratic members, beat off the coalition by a vote of 221 to 177. Many of those voting to send the legislation to conference, however, would favor the weaker Senate bill on a showdown.

Penalties Vary

The May-Bailey bill, commonly known as the "work-or-jail" measure, has been requested by military leaders and is endorsed by President Roosevelt on its return from Yalta.

The Senate measure, backed by organized labor, which really wants no law at all, prescribes penalties only for employers who violate War Manpower Commission hiring rules.

ONSTOP LAWSUIT

The government's 33-year-old anti-trust proceedings against the Aluminum Co. of America promise to go on and on.

This week the Circuit Court of appeals in New York, sitting as a court of final jurisdiction (because of the U. S. Supreme Court's inability to raise a qualified quorum), reversed the 58,000-word decision of District Judge Francis G. Caffey, who held that Alcoa was not a monopoly (BW-Oct.11'41,p8).

Back to Coolidge Days

While the current decision is in a case started eight years ago (BW-May '37,p13), government efforts to have Alcoa declared a monopoly reach back to 1912. An antitrust suit filed in that year ended in a consent decree.

In 1922 the Federal Trade Commission began another investigation, which ended in 1930 with exoneration of the company. In Calvin Coolidge's first term, the Dept. of Justice investigated company compliance with the consent decree, but Harlan F. Stone, then attorney-general and the spark plug in the investigation, was appointed to the Supreme Court. Consequently the probe lagged, ending in a report clearing Alcoa.

Dissolution Question Deferred

In this week's decision, the lower court has been instructed to amend its findings of fact to conform with the circuit court's decision. The lower court has considerable latitude in framing the final decision.

On the all-important question of dissolution the circuit court deferred action till after the war, explaining that government disposal of its heavy ownership of production capacity may insure competition in the industry.

JOB SUBSIDY URGED

A big wartime industrialist (not Henry Kaiser) is trying to sell Washington officials on a subsidy scheme to give employment to veterans, and at the same time enable big war contractors to shift over to peacetime operation instead of shutting down war-built plants.

The plan proposed that the government give such operators a rebate on wartime taxes of \$1,500 for each veteran employed, the rebate to be applied by

the employer toward the veteran's earnings during the first year of his employment.

SAN FRANCISCO CURFEW

Not the least of the State Dept.'s worries about the coming United Nations meeting at San Francisco is something that might be summed up as "Hollywood."

The officials are determined that this "sacred and solemn occasion" shall not be touched by the blandishments of motion picture publicity or even by the normal exuberances of California hospitality. All social functions—and State means all—are ruled out of the San Francisco program, which is now expected to take about a month to unroll.

Foreign delegates have been notified

Wallace Pushes His Job Program

As Secretary of Commerce, Henry Wallace is actively pursuing the "60,000,000 jobs" program which was the storm-center of the long tussle to secure his confirmation by the Senate (BW-Jan.27'45,p15).

To develop this program, Wallace is picking up support wherever he can find it—inside and outside his own and other government bureaus.

• **They Lose Their Man**—Wallace and Labor Secretary Frances Perkins had picked Isador Lubin, presidential assistant, to steer the project and were greatly disappointed when Roosevelt appointed him to the War Reparations Commission (page 15). Three other possible candidates for the Wallace-Perkins brain trust are Richard V. Gilbert (now chief economist of OPA, formerly with Commerce), Mordecai Ezekiel, and Robert Nathan, government brain-trusters of long standing.

Observers recollect that when Harry Hopkins attempted to breathe life into the Commerce Dept. back in 1939 by gathering around him a group known as Hopkins' "spark-plug boys" (BW-Aug.19'30,p8), he was sharply batted down by Congress.

• **Not Sweeping Clean**—The Wallace broom will not make a clean sweep of Commerce. He has undertaken no general reorganization. Instead, he is following his customary practice

(tested in twelve years in government service) of throwing specific assignments to individual staff members, seeing how they work them out. A good many Commerce Dept. employees—some of them left over from the days of Herbert Hoover—who do not go along with Wallace's social and political philosophies are expected to separate themselves voluntarily.

There is little indication yet of the specific nature of Wallace's announced program to help small business. The membership of Wallace's Advisory Committee on Small Business (BW-Mar.10'45,p7) is regarded in Washington as a gesture of conciliation toward business in general. The department's small business unit is still leaderless, as it has been for some months. Wallace has had a talk with Maury Maverick, head of Smaller War Plants Corp.—the outstanding contender for the little fellow's favor. Apparently, the two have agreed not to disagree.

• **Eyes Patent System**—Wallace would also like to liberalize the patent system, which is under his jurisdiction, but may be restrained by the close control which Congress exercises over the patent law.

He is expected to step up the activities of the department's dormant business advisory council and expand its membership.

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that if they cannot come without their womenfolk, they must accept the fact that the ladies will have no protocol position and will receive no official invitations during the sessions.

All this concern isn't at all amusing to Washington, which well knows what Axis propagandists and hostile senators could make of anything that gave the San Francisco meeting the air of a fiesta staged while we have men dying, Europe shattered, and a world to be remade. The banquet tables of the Congress of Vienna still make bitter history.

SUGAR DEAL SIGNED

Fearful of a declining sugar market after defeat of Japan, the Cuban Sugar Commission offered this week to sell the 1945-46-47 crops for 3.1¢ a lb., or the 1945 crop only at the same figure.

The Commodity Credit Corp. accepted the one-year deal after the Cubans refused to consider CCC's offer to buy the 1945 and 1946 crops at the 3.1¢ price.

The Cubans figure that the 1946 crop will be worth more money since little sugar is expected from the Philippines before 1947.

CAPITAL GAINS (AND LOSSES)

A small coal operator, when he heard of John L. Lewis' demand for 10¢-a-ton royalty, remarked: "I'll take the royalty; he can have the mine." The industry's average profit per ton of coal is said to be about 12¢ a ton, before income taxes.

A member of the cabinet recently remarked that White House advisers most influential with the President these days are—in order named—Hopkins, Byrnes, Morgenthau, and Rosenman.

Postwar public works planning by the states is lagging because of the long squabble in Congress over what part, if any, of the expenses of advance planning shall be paid by the federal government.

—Business Week's
Washington Bureau

THE COVER

Appointment of Fred M. Vinson as new Federal Loan Administrator is a case study in paradoxical politics. Anxious to bar Henry Wallace from the post, the Senate put its stamp of approval on a Kentucky lawyer with meager business experience and whose philosophies run almost parallel to those of Wallace. The big difference, however, is Vinson's greater talent in making friends and influencing people (page 17).



The Informers

The science of detection, detective novels and mystery stories, has practically become the national pastime. The names of mythical detectives have become household words.

Here at Cook Electric Company, thousands of mechanical detectives or informers have been produced. Not as glamorous, perhaps, as the book sleuths, but more accurate, more dependable and more efficient in their duties than any detective that has appeared between the covers of a novel. We call them Pressure Detector Switches.

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THE OUTLOOK

BUSINESS WEEK

MARCH 17, 1945



Astute Wall Streeters—industrialists as well as stock market operators—are saying the war in Europe can end any day now; some are willing to bet that it won't run beyond the end of April.

Wishful thinking? Perhaps, but this view should be considered even though careful analysts say the Reich won't collapse suddenly (page 111).

People who are thoroughly acquainted with the psychology of the German populace are asking, "Why do they go on fighting?"

Whether organized German resistance is crushed in April or July, there will be a minimum of consumers' hard goods produced this year.

The Army and Navy, after carefully nursing the phony theory that one war will be as big as two, won't backtrack right away (page 5). Even though cutbacks probably will reach or exceed 35% inside a year after victory in Europe (BW—Mar. 10'45,p9), they will be small at the start.

And the process of reconversion will have its disillusionments. Metal-working industries, in general, will be released last from war work.

The most efficient and the lowest-cost producers will be held on munitions contracts while competitors with poorer records go back to peacetime pursuits. **It is not only human nature for procurement officers to handle contract terminations that way, it is official policy.**

Level cutbacks, across the board, will be the exception, not the rule.

But this is worth noting: If you are just starting on a new contract, you are more likely to be released than a well-established producer.

British leaders believe motor cars will have to be rationed to those who need them most for at least 18 months after Germany falls.

There is growing agitation for similar controls in this country, but popular clamor will smother it as soon as Detroit gets the go-ahead.

Don't be misled, however, by optimistic predictions of new motor cars late this year. There won't be any more than a dribble of new autos.

Shipping companies are getting bitter over Washington's delay in setting a policy on sale of vessels to foreign nations.

They can't draw up their postwar plans until they know what's what.

For example, they want to know whether we will sell over-age ships at depreciated value or if it will be Libertys or C-types. It will make quite a difference in the overhead to be borne by foreign operators and, for that reason, in competitive costs.

Manufacturers' inventories will bear watching in this period of huge war orders because the natural tendency is to stock up.

Inventories declined, except for one brief period, throughout 1944. Now, however, if the activity of the metal trade is any criterion, that trend has been reversed.

In copper, for example, shipments in the short month of February shot up to an all-time record of 172,585 tons. This peak is attributable in part to the fact that weather impeded January deliveries, but watch this: March is a virtual cinch to hang up another record.

Brass products (mostly for shells and small-arms ammunition) are marching right along with copper to new high marks.

Present tightness in metals won't be relieved until the armed services mod-

THE OUTLOOK (Continued)

BUSINESS WEEK
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erate their demands for munitions. Shortness of steel sheets is cutting into allotments for tinplate.

Tin, too, is more than ever critical. With imports down to about 75% of current needs, use of tin in nonessential articles has been slashed.

Cuts in lead for paint still are possible (BW—Feb. 10'45, p10).

There will be very little aluminum for utensils in the near future; second-quarter allotments provide some castings, no sheet or extrusions.

Component parts of equipment in urgent demand by the armed services will continue to present problems just like raw materials.

Currently, automotive plants are complaining that it is hard to get bearings, head castings, and pistons. (Facilities for machining constitute the bottleneck in the case of pistons.)

Wet batteries for automotive equipment remain a problem, and dry cells seem to be up against insatiable demand for electronic use.

Transformers and tubes also are holding electronic equipment back.

Only 1,500,000 radio tubes will be available to civilians monthly.

The paper shortage will be accentuated by the lack of new mill machinery.

Use of steel for such equipment in the second quarter has been cut 27% below the first three months of this year. Already orders for \$9,500,000 of pulp and paper machinery are backed up behind military contracts.

Lack of labor and materials is delaying \$12,000,000 of construction.

International Harvester Co. reports good news from its French subsidiary.

Physical damage to factories—from either Nazi destruction or Allied bombing—was not serious.

Inventories, however, have been depleted, and operations cannot be resumed on an important scale until raw materials and parts become available.

Incidentally Harvester officials recently returned from Paris are not alarmed that the French provisional government will nationalize their business, following lines adopted—at least temporarily—in the mines and some of the heavy industries.

Preliminary reports from other companies with branch operations in France indicate that, in many cases, production continued under Nazi supervision, machines were replaced when they broke down, and profits were deposited to company accounts in Paris banks.

Taxes are a great thing to damp down spending, but there is some doubt that Mar. 15 this year has snagged the current shopping spree.

Department store sales marched to successive records (on a seasonally adjusted basis) in December, January, and February. Early March sales, far from indicating a set-aside for taxes, point to another new high.

Sales for the country, in the week ended Mar. 3, were 19% above a year ago with department stores in New York marking up a 23% gain; in the week ended Mar. 10, the New York stores widened their margin to 27%.

Taxes were more of a restraining factor last year because many people paid the unforgiven tax on 1942 income in full and because withholdings from 1943 pay checks had prepaid less of that year's total bill.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	94.5	95.9	91.4	93.8	99.1
Production of Automobiles and Trucks.....	20,235	18,545	20,960	17,285	17,605
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$5,997	†\$6,134	\$4,250	\$7,193	\$5,894
Electric Power Output (million kilowatt-hours).....	4,446	4,472	4,505	4,228	4,426
Crude Oil (daily average, 1,000 bbl.).....	4,768	4,765	4,740	4,689	4,381
Bituminous Coal (daily average, 1,000 tons).....	1,892	1,988	1,882	1,940	2,019

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	83	81	76	87	80
All Other Carloadings (daily average, 1,000 cars).....	48	48	47	63	51
Money in Circulation (Wednesday series, millions).....	\$25,864	\$25,750	\$25,411	\$23,432	\$20,963
Department Store Sales (change from same week of preceding year).....	+19%	†+21%	+12%	+15%	+2%
Business Failures (Dun & Bradstreet, number).....	21	18	14	9	17

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	255.2	255.3	253.7	249.2	250.7
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	166.4	166.4	166.3	165.4	163.1
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	226.1	226.2	225.0	222.6	222.7
:Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
:Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$18.00	\$19.17
:Copper (electrolytic, Connecticut Valley, lb.).....	12.00¢	12.00¢	12.00¢	12.00¢	12.00¢
:Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.66	\$1.66	\$1.66	\$1.50	\$1.65
:Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.74¢
:Cotton (middling, ten designated markets, lb.).....	21.74¢	21.79¢	21.51¢	21.29¢	21.14¢
:Wool Tops (New York, lb.).....	\$1.340	\$1.340	\$1.340	\$1.330	\$1.319
:Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	111.0	113.6	109.5	98.9	96.7
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.38%	3.38%	3.41%	3.56%	3.71%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.62%	2.62%	2.66%	2.71%	2.74%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3-3%

BANKING (Millions of dollars)

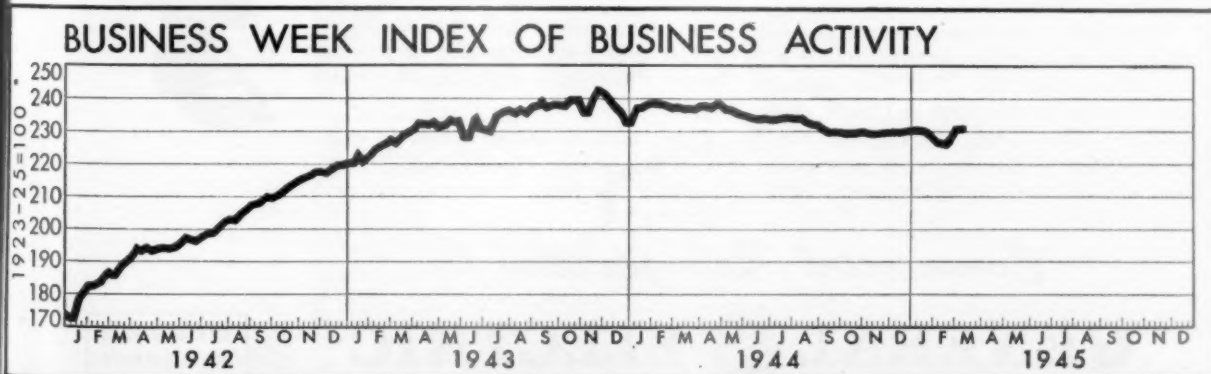
Demand Deposits Adjusted, reporting member banks.....	37,149	37,018	36,034	35,469	32,778
Total Loans and Investments, reporting member banks.....	58,424	58,501	59,007	55,493	52,903
Commercial and Agricultural Loans, reporting member banks.....	6,198	6,251	6,346	5,986	6,369
Securities Loans, reporting member banks.....	2,907	2,982	3,083	2,671	2,788
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	43,977	43,912	44,219	41,446	38,522
Other Securities Held, reporting member banks.....	2,930	2,955	2,936	2,957	2,851
Excess Reserves, all member banks (Wednesday series).....	900	900	900	846	1,013
Total Federal Reserve Credit Outstanding (Wednesday series).....	20,150	20,158	19,703	16,509	12,438

† Preliminary, week ended March 10.

‡ Revised.

§ Ceiling fixed by government.

¶ Date for "Latest Week" on each series on request.





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 "THE WORLD TODAY" News, Monday through Friday, 6:45 P. M., E W T, C B S

Armies Speed Postwar Europe

The last phase of the Battle of Germany is under way.

Hitler's innermost fortress has been pierced—at the Rhine in the West, and the Oder in the East.

The critical battlefield of this long, devastating war against the Nazis is obviously going to be on the plains of northern Germany.

Ruhr, a Rich Prize—Immediate objective of the British and American drive in the West is the Ruhr. Already in a shambles, this industrial center still manages to produce vast quantities of supplies for the Wehrmacht's last stand. Every effort of the massed Allied forces in the West will now be bent toward isolating the Ruhr—ultimately capturing it.

Then the drive will head across the rich, flat Baltic slope of Germany for a juncture with the Soviet armies.

In the East, Russia's immediate objective is equally clear. Berlin—still the capital, rail hub, and nerve center of the Reich—must also be cut off from the rest of the country, and ultimately occupied. Battered almost beyond recognition, Berlin still presents a major bastion which may hold out stubbornly, fanatically. But even before it falls, Russian troops may effectively besiege it and pour on to the West for a juncture with their Allies.

Cutting Nazi Supplies—When the Ruhr is lost (following the recent Russian capture of the important mining and manufacturing area of Silesia) and when the remnants of Hitler's armies are cut off from their Baltic ports and manufacturing centers as well as from the food supplies of the northern farmlands, the Nazis cannot prolong formal resistance to the massed armies of the Allies very long. For this reason, then, bitter fighting can be expected on both fronts in the next few weeks, for the Nazis are determined to hold control for as long as possible over desperately needed supplies.

Aware of all this, but also

recalling the Third Army's 300-mile race across France under Gen. Patton after the Avranches breakthrough, Allied leaders are confronted with the need for speeding up final details on a dozen major plans which must be ready to be put into operation as soon as Germany collapses.

France Seeks Full Share—Topping this list is the outlining of specific zones to be policed by British, Russian, and U. S. troops. France is insisting on a share in this responsibility—even for full control over the important west bank of the Rhine (map). The U. S. presumably is to

be allocated southern Germany, with Bremen as a supply port.

After settling occupation zones, immediate provision must be made to handle problems of sanitation and health, or the situation will become menacing for our own troops as well as for the defeated Germans.

Job for Byrnes—It was undoubtedly this phase of the problem, together with the massive task of providing even a minimum of food and shelter for an area as badly battered as Germany will be, which precipitated this week's creation of a special committee, under War Mobilization Director James F. Byrnes, to systematize the massive demands on this country's productive capacity (page 113).

Up to 10,000,000 indentured for-



The official map showing precisely what slices of Germany go to what neighbors, and exactly how the Big Three have split the Reich for occupation, awaits completion of the breakup started at the Rhine and Oder, but this kind of division is expected.

Penicillin—Released for Civilians

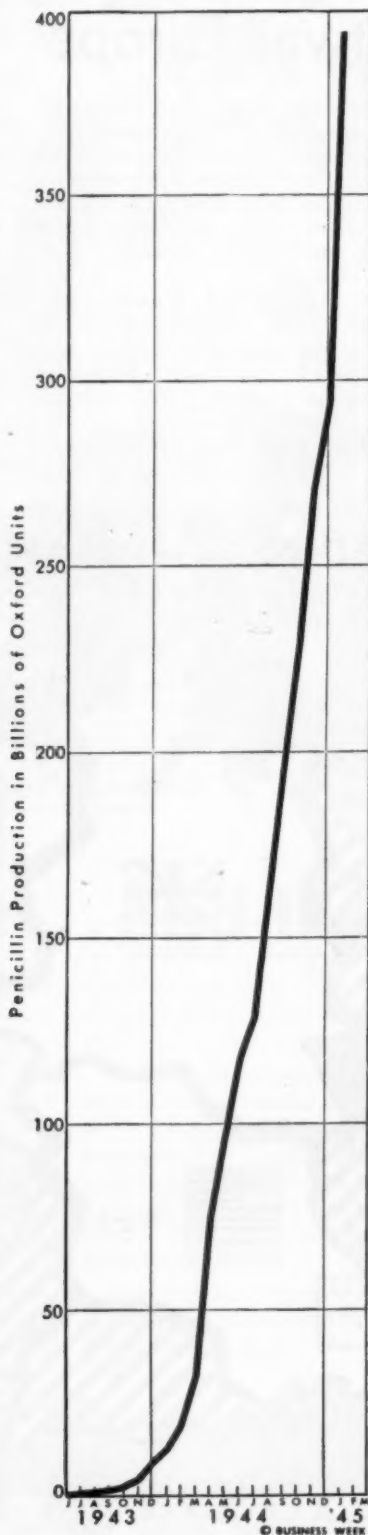
This week, for the first time, penicillin became available on prescription at corner drug stores.

Production, which started at scratch early in 1943, zoomed to 394,000,000 Oxford units in January, 1945 (chart).

Since this rate is considerably higher than military needs, WPB has released 1,280,000 vials, each containing 100,000 units, to stock up wholesale and retail outlets in the period from Mar. 15 to Mar. 31. Starting in April, additional supplies will be released at the rate of 1,500,000 vials a month.

Although WPB sought to give all of the 20-odd producers an even start in the race for civilian business (BW—Mar. 3 '45, p7), several producers, anticipating the release order, started shipments to key distribution centers early in the month.

Among these was a \$100,000 shipment by air to Chicago and Los Angeles by E. R. Squibb & Sons (below).



eign workers in the Reich will be clamoring for an immediate return to their homes, though rail systems are smashed or are operating solely to meet demands of occupying forces.

• **Partition Planned**—Some time after all hostilities cease, the United Nations must tackle the question of making Germany "incapable ever again of waging war." Presumably this includes partition.

• **The Task Ahead**—Finally, Germany and the victors must cope with the problem of reparations. Dr. Isador Lubin, statistician for the Combined Chiefs of Staff, was appointed this week to head the U. S. group on the Reparations Commission which is to operate in Moscow.

Russia is reported already to have sent Germans captured in Rumania to help rehabilitate the Ukraine, and to have taken oil refining equipment—some of it owned by British, French, and U. S. companies—to repair or replace refineries in the Soviet Union.

Less Pork Now

Hog shortage develops and slaughter drops sharply at major packing centers. Military buyers take choice cuts.

The long-threatened hog shortage (BW—Nov. 11 '44, p21) has arrived with a bang. Receipts at major packing centers on Monday were 71% below those of the same day a year ago. At Chicago, 4,000 head were offered for sale to packers; 12,000 to 15,000 would have been normal for a mid-March Monday in prewar years.

• **Slaughter Declines**—Government buyers intercepted the choicer pork cuts at their packinghouse source.

Ill effects upon meat packers last week were quite as tangible as those on retailers and housewives. Operations of large and small plants ranged from 15% to 25% below the previous week, and 40% to 60% below a year ago.

• **Manpower Problem**—Hoghouse butcher gangs worked only 15 or 20 hours last week in several major companies, but most of them drew pay for the 32 hours guaranteed by their union contract. Consequence was that some hog butchers pulled out for the lusher pay-rolls of munitions making.

When and if hog marketings rise again to traditional normal, it is an even-money bet that packers for lack of manpower will not be able to kill and dress this volume. But no such crisis impends within twelve months.

Best guess of packinghouse prophets

that only 10% more sows were bred in 1945 summer and fall farrowing than in 1944, and that this increase came only after Washington began trumpeting that the war would not end so early as previously expected.

Dressed Weight Drops—Huge numbers of cattle are being slaughtered, to some extent replacing the missing hogs. Even these figures are more impressive on the adding machine than on the dinner table. Federal controls are so

devised that cattle go to market before they are completely fed.

Government figures released at the week end show that during January cattle dressed out only 484 lb. per animal, as compared with 513 lb. last year and 527 lb. in 1943. Also, cattle slaughter in the three months ending Jan. 31, 1945, was 63% cows and heifers, against 54% a year ago. Low as meat supplies are now, prospects for early improvement are not good.

Vinson: Senate's 'Businessman'

Although new Federal Loan Administrator has never set a payroll, he has the political "it" which causes U.S. lawmakers to forget the fact that he shares Wallace's basic philosophies.

When an overwhelming majority of the U.S. Senate fought—successfully—to prevent Henry A. Wallace from inheriting the job of Federal Loan Administrator along with the Commerce post, one of its rallying cries was that Wallace had no record as a successful businessman (BW—Mar. 10 '45, p. 21). Another was that the vast economic power which Jesse H. Jones had held would not go "to a man who, in contrast, had not had sufficient financial acuity to amass a personal fortune." Never a Businessman—But the Senate's members nearly fell over themselves to approve President Roosevelt's action turning over the untold billions of the Reconstruction Finance Corp. and its subsidiaries to Fred M. Vinson who, in all his 55 years, has never met a single payroll, never declared a single stock dividend.

On this country lawyer from the mountains of Kentucky, who has scarcely a dime aside from his government paycheck, there was not one dissenting vote.

Same General Philosophies—The opposition to Wallace fought a grim rear guard action in a futile effort to keep the Iowan from being confirmed even as Secretary of Commerce. The leaders of the fight were Sen. Robert A. Taft of Ohio, spokesman for the conservative wing of the Republican Party, and Sen. Josiah N. Bailey of North Carolina, who speaks for the even more conservative influences which dominate the Democratic Party in the South.

But both Taft and Bailey gave high praise to the appointment of Vinson, whose social, economic, and political philosophies do not differ fundamentally from those of Wallace by so much as the thickness of a cigarette paper.

One and the Same—And both Taft and Bailey must know that when it



Fred M. Vinson should find his new job cooler than the hot spot he left in the Office of Economic Stabilization where wage pressure is mounting despite his last-minute safety valve.

comes to the issue of the part government should play in the economic welfare of its citizens, Wallace and Vinson are close to being one and the same person.

The record is there for all to read, through Vinson's 14 years in the House of Representatives, through his six years as a justice on the three-member U. S. Court of Appeals for the District of Columbia, and his year and a half as Director of Economic Stabilization, where he not only fought against wartime inflation but also campaigned in behalf of consumers' subsidies. Nonetheless, the confirmation of Vinson

whisked through the Senate so easily that it takes up only four brief paragraphs in the Congressional Record.

• Has What Wallace Lacked—In order to comprehend this phenomenon, it is necessary to find out what Vinson has got that Wallace has not got.

The case of the two men is persuasive evidence that the capacity to deal with people exerts far more influence upon the lives of men, and the affairs of nations, than do abstract principles.

Vinson has great personal and public integrity—but so has Wallace.

Vinson has unquestioned courage in the handling of public matters—but so has Wallace.

The outstanding contrast between them is that to Vinson has been given in far greater measure than to most men the ability to persuade other people to go along with him on a given course.

• Opponents Respect Him—Vinson instills in people an unbounded respect for his mental capacities. He can disagree with them completely, yet leave them convinced that he has given their viewpoint the most careful consideration.

He can advocate action to carry out what his opponent might regard as a most radical theory of government, but never cause the other side to alter its previous view that he is a man of sane, sober judgment.

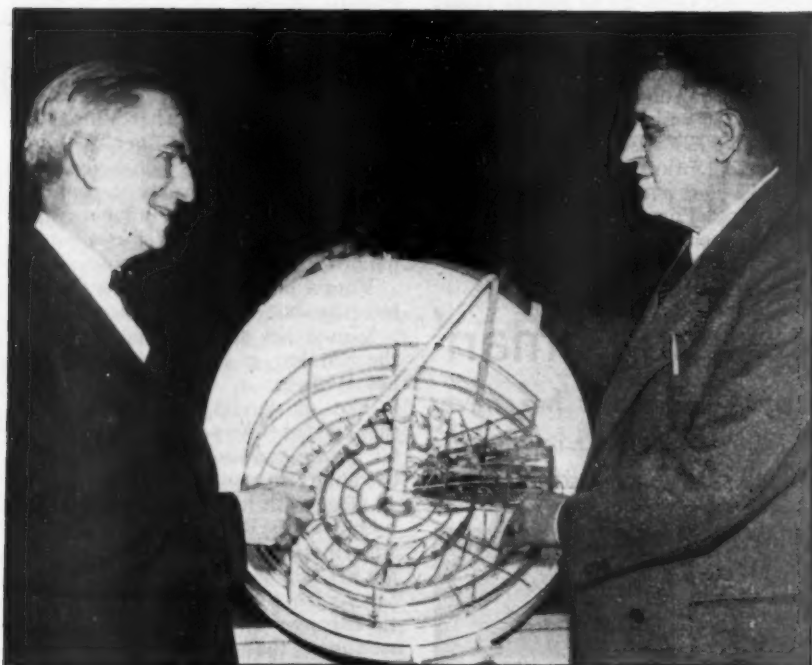
He is an earthy creature. His physical appearance, black, bushy eyebrows, strong face, set on a frame of 5 ft. 11 in. and 190 lb., would cause anyone to hesitate to attempt to fasten on him the label "wild-eyed dreamer."

• Warm But Reserved—All of Vinson's human relations have warmth. Without being in any sense a backslapper, he makes you feel that he has a deep and abiding interest in your happiness, the state of your wife's health, the progress your children are making in school, the welfare of your family's pet dog.

This warmth, oddly enough, is accompanied by a dignified reserve, even a certain reticence. Every senator who whooped his nomination through the chamber felt that he was a personal crony of the new loan administrator. By contrast, most of them felt that Wallace was just a name they had read in the newspapers, despite the fact he had just completed four years of presiding over the Senate as Vice-President.

• Wallace a Symbol—Wallace's great handicap was that he had become a symbol; a shibboleth to frighten the forces on the right, a banner around which to rally the forces of the left.

The new loan administrator will never be anybody's symbol for ideological warfare. But his friends point to his record in Congress to prove that he was espousing the liberal cause several years



METAL MAN WITH A POSTWAR PLAN

At Washington, Willard H. Dow (left), head of Dow Chemical Co., demonstrates to Sen. Kenneth S. Wherry a low-cost 16-lb. dishwasher that can be powered by the flow from a kitchen faucet. It was one of 35 magnesium products Dow contends are suitable for small plant production. He exhibited all 35 before the Senate Small Business Committee in urging that Defense Plant Corp. magnesium-producing units, which may be needed in some future emergency, should not be scrapped—and also that they should not be operated in competition with private industry. Dow's suggestion is that about half of present capacity of government plants be held as standbys—for war or for unforeseen civilian demands—and the rest be sold or leased to private operators.

before Wallace appeared upon the national political stage and before there was a Roosevelt New Deal.

• **Pioneered Social Laws**—Back in 1924, his first year in Congress, Vinson gave ardent support to the Howell-Berkeley bill, forerunner of legislation which later became the Railway Labor Act. Under the New Deal, he led the fight, as chairman of the Ways & Means subcommittee on taxation, for social security legislation, for the Railroad Retirement Act, and, most significantly, for the undistributed profits tax.

Vinson was a constant supporter of Cordell Hull's reciprocal trade agreements. He was co-author of the Guffey coal bill, and his arguments in favor of the constitutionality of that measure were a forerunner of the views eventually adopted by the Supreme Court in interpreting the commerce clause of the Constitution.

• **Powerful Persuader**—It was during the fight over the Guffey bill that Bert Snell, then Republican leader, paid

tribute to Vinson's capacity to persuade people to do things they weren't much inclined to do.

"This is a remarkable situation," Snell said, in effect. "The majority of the subcommittee is against this bill, but they reported it to the full committee. The majority of the Ways & Means Committee is against it, but they reported it out. The majority of the Rules Committee is against it, but they gave it a rule. The majority of the House is against it, but you are going to pass it."

• **Sturdy Independence**—Both in Congress and as Director of Economic Stabilization, Vinson demonstrated that he has a stubborn independence.

Throughout his legislative career, he had earned the title of friend of labor unions. But as economic stabilizer, he did not hesitate to incur their displeasure by refusing to grant wage increases which he thought would bend the line against inflation, the line he was appointed to keep in permanent

repair. Nor has he hesitated on occasion to oppose in Congress the wishes of President Roosevelt, whose general policy he always has supported. He voted against the President's March, 1933—when Roosevelt had been in the White House but a few days and when his prestige with Congress and the country was at its peak. On that occasion, Vinson was one of very few who voted against the economy bill. He opposed it because reduced benefits paid to World War veterans. On the same issue, he had opposed Roosevelt on the soldier's bonus, and was one of the congressmen most instrumental in passing over the presidential veto in 1936 a bill providing for immediate payment of the bonus.

• **No Foe of Brain Trust**—Vinson is a man who is not disturbed because the government bureaus have been staffed with "bright young men" out of the law schools. He was a bright young man himself once, having received the highest grades ever given at Centre College, Danville, Ky., from which he got an A. B. degree in 1910 and a law degree in 1911.

In the stabilization office, Vinson's right hand man has been one of Felix Frankfurter's proteges from Harvard Law School, Edward F. Prichard, Jr., who himself is a Kentuckian from Bourbon County and whose father played college baseball at Centre with Vinson. On the subject of mental ability, Vinson points out that not until the word "braintruster" became a term of opprobrium was it considered a bad thing to make use of brains in government.

• **Mountain Town Product**—Vinson's blood lines are typically Kentuckian. The Vinsons came into the state through Pound Gap from North Carolina in 1800. The Fergusons—his mother's people—came from what was then Virginia but which is now West Virginia.

In the Civil War, the men of both families were scattered through Union and Confederate armies in true border state fashion. Louisa, where Vinson practiced law before going to Washington, is a tranquil county seat town of approximately 2,500 population in genuine mountain territory of east Kentucky.

While he was in college, Vinson played both baseball and basketball, but didn't have time for football because he was earning his way through school at the same time he was piling up scholastic honors.

• **On Public Payroll at 23**—Professional baseball almost caught Vinson after graduation. He signed up with the Lexington club of the Bluegrass League, but stayed only a few weeks because his

other convinced him he should get out his law practice in Louisa. Shortly after Vinson hung out his shingle, he became commonwealth's attorney. He was 23 years old then, and hardly a year since that date has he been on the public payroll.

A commonwealth's attorney has time for other matters. In addition to his private law practice, Vinson became director of a bank, member of the board of a wholesale grocery company, and director of a milling company. That is the extent of his participation in private business enterprises.

Supported Al Smith—Vinson served in the Army during the World War, ending up in officer training camp on his side when the armistice was signed. In January, 1924, he was elected to Congress. He was elected again in November, 1924, and in 1926.

But he went down before the Hoover landslide of 1928. His friends thought Vinson could get by if he ignored the fact that Al Smith was the head of the ticket. But the Methodist Vinson not only refused to ignore Smith but also went to St. Louis to serve as vice-chairman of Democratic headquarters there. Although his district is in the heart of the moonshine country, most of Vinson's constituents were dry Baptists or Methodists or Presbyterians or members of the Disciples of Christ. They defeated him.

During the term he was out of Congress, Vinson moved his family from Louisa to the industrial city of Ashland, which is in the same congressional district.

There he bought a comfortable nine-room house situated on a knoll two miles from the heart of the city and not many yards from U. S. Highway 60 which winds through the mountains into the heart of the bluegrass at Lexington. The Vinson home has large, tree-dotted yards front and rear, and is designed for pleasant living. However, the Vinsons have not been in it for several years and it now is occupied by Mrs. Vinson's brother and his family.

Quit Congress for Court—With the decline of Republican prestige, Vinson returned to Congress in 1930. In 1937, President Roosevelt appointed him to the federal bench in Washington.

Vinson liked the law and he made a good reputation as a judge, but his prime motive in taking the job was financial. After 14 years in Congress, he needed the salary increase. The judgeship paid \$12,500, which is \$2,500 a year more than a congressman gets. In addition, he could save the money he had been spending on primary and general election contests.

On the bench, Vinson averaged 30 opinions a year, which is considered

high production for a judge. He is proud of the fact that he was appointed head of the special court set up to hear cases arising out of rulings made by OPA and other wartime agencies.

Despite his pleasure in judicial work, Vinson missed the hurlyburly of political life. So it was not difficult for President Roosevelt to persuade him to leave the life-time judgeship and become economic stabilizer when James F. Byrnes became Director of War Mobilization. Vinson's salary as economic stabilizer was \$15,000, but, in becoming loan administrator, he is taking a \$3,000 pay cut, salary having been of no importance when wealthy Jesse Jones held that post.

• **Allergic to Exercise—**Despite his participation in college athletics, Vinson takes no physical exercise. It has been 20 years since he played golf. He never rides horseback and never takes long walks.

Vinson's hobbies are bridge, which he plays with great skill, movies, stage plays, vaudeville, and reading. His taste in books is wide, but his favorite is biography. Vinson does much of his reading in bed, with the result that he seldom gets to sleep until well after midnight. As a consequence, he is not likely to arise before 8 a.m. Except in emergencies, he does not carry home from the office any of his daily chores.

The Vinson family has a little-known distinction which puts them in a small, favored class in Washington. They have a maid. More than that, they have had the same maid 19 years.

Tire Output Cut

Shortage of carbon black puts rubber industry on six-day week, upsets schedules for bus, truck, and passenger casings.

After three years of successfully breaking its own bottlenecks, the rubber industry has cut back its tire-making operations from a seven- to a six-day work-week because of the carbon black shortage (BW-Mar. 10'45,p74). Throughout the nation last Sunday, tire builders took a holiday at the direction of the Army and WPB in the latest move to offset an estimated deficit this month of some 15,000,000 lb. of the critical material.

• **Tire Output Cut—**Coming in the midst of the War Dept.'s 120-day drive for increased production of heavy-duty military tires, the loss of Sunday production reduces the industry's output by 40,000 tires a week.

Trade observers predict that the six-day work-week may be extended through April, probably beyond, since new carbon black production facilities, designed for 405,000,000 lb. additional output, are lagging behind construction schedules.

Even with the completion of these facilities later this year, there will be a 1945 shortage of around 260,000,000 lb. and the 1946 deficit is ex-



AUTOS REPAIRED WHILE OWNERS WORK

Keeping war workers off the absentee list by keeping their autos in shape is the purpose of a new repair garage in the Ford Willow Run bomber plant in Detroit. By operating almost around the clock, this service center can turn out 90% of its jobs during the work shift of its owner—thus causing him no time loss. The garage is privately operated and handles more than 40 cars a day.

pected to reach about 325,000,000 lb. • **WPB Division on Spot**—Irony of the situation is that the carbon black shortage had been predicted for months. Shipments of the material—which imparts toughness and abrasion-resistance to rubber—have exceeded production by 2,000,000 to 17,000,000 lb. monthly for a year and a half.

That is why WPB's chemical division, which had been urged by the rubber bureau to provide new facilities sooner, seemed destined for the category of "goat" as the Senate's Mead committee started an investigation of the situation at Washington this week.

• **Important Ingredient**—One of 25 to 30 ingredients which go into the makeup of a tire, carbon black is second in importance only to sulphur in making rubber a useful, resilient material. One secret of carbon black's utility is the fineness of its particle size which ranges down to 0.6 of a micron, requiring 35,000 magnifications to equal the head of a pin.

Because of the microscopic size of the particle, carbon black mixes readily with rubber and is its accepted reinforcing agent. Rubber compounders describe carbon black's function as increasing the cohesive ability of rubber, making it adhere to itself more readily and thereby resist wear and abrasion.

For example, synthetic rubber without carbon black has tensile strength

of about 400 lb. per sq. in. With the addition of 40 to 50 parts of carbon black to 100 parts of rubber, the tensile strength is increased to 2,400 (or slightly more) pounds per sq. in.

• **Demands Increased**—Part of the shortage problem arises from the fact that synthetic rubber requires as much as 50% more carbon black than natural rubber. In a 6.00 x 16 tire, for example, 4½ lb. of carbon black are required for synthetic rubber as compared with 3½ lb. for natural rubber. WPB's drastic order to reduce the quantity of carbon black used cuts the material in that size tire to 3½ lb.

Produced by burning gas without sufficient oxygen so as to deposit lots of soot, carbon black is manufactured by ten firms in seven types or grades varying in degree of hardness and particle size. The most useful black is "channel" black, but of its three types two were found unsuited for mixing in synthetic rubber.

• **Tire Schedules Upset**—High hopes for more passenger, truck, and bus tires have been dashed by the shortage. Auto tire production has been cut by WPB to 1,000,000 units monthly for March and the second quarter of 1945 as compared with the 1,800,000 units scheduled monthly for the first quarter of this year.

With the cut in auto tires, WPB still hopes to attain its goal of 23,000,-

000 truck and bus casings this year compared to the record 14,612,000 units turned out last year. And instead of the 4,900,000 truck and bus tires which went for civilian use last year, it is unlikely that more than 4,000,000 of this year's output will roll on nonmilitary wheels.

• **Trade Seeks Way Out**—Temporary solutions of the problem being discussed in the trade include drastic reductions in carbon black exports, the use of liquid propanes to increase the yield of channel black, and the burning of richer gases instead of the so-called sour gas which normally averages but 1½ lb. of black per 1,000 cu. ft.

Detroit's 8 Points

Auto industry's plea for labor act changes, injected into Mead hearing, is opening bid for decentralized U. S. policy.

A long-term drive for basic changes in labor legislation has been touched off by the automobile industry. The initial move was started last week and in Detroit before the Mead senatorial committee investigating manpower utilization in war industry.

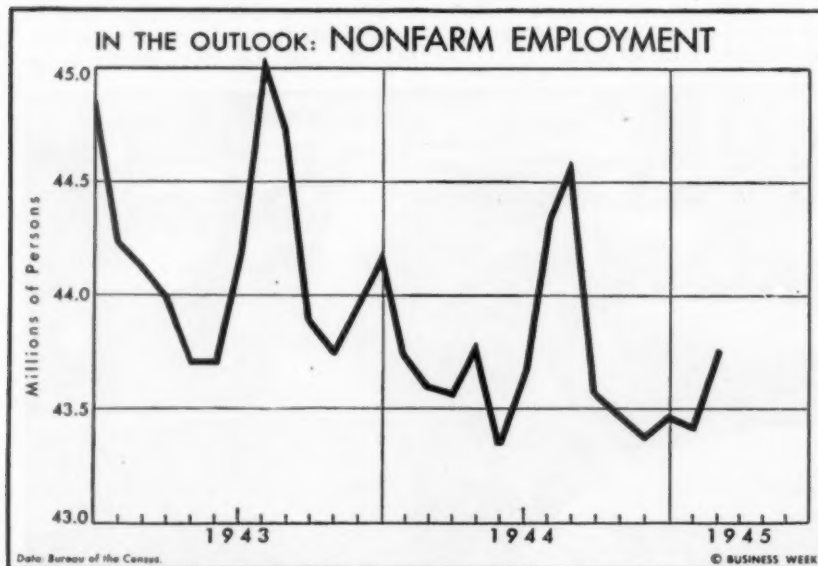
• **Long-Term Program**—Eight recommendations presented at the hearing would require amendment or rewriting of the Wagner act and the Connally-Smith War Labor Disputes Act, and revised procedure for the Fair Employment Practice Committee. But there is no illusion in Detroit over the length of time which may be necessary to win these objectives, or any of them. In fact, some auto men feel that hasty legislation might do more harm than good by imposing badly planned restrictions and kindling worker resentment.

For the present, therefore, labor relations men in the volatile Detroit plants hope mainly to start up conversation and thought in Washington about their proposals.

• **What Auto Men Want**—The Mead committee looked like a good place to introduce eight platform planks which would:

(1) Restrict management representatives from "union control." This plank is a thinly veiled reference to unions of foremen and other supervisory employees. Auto men claim it is necessary in order to restore to management its "ability to manage."

(2) Protect workers from "coercion" through agreements or orders (such as for a closed shop) by management, unions, and the government. It also



Nonfarm jobs interrupted their steady downtrend in February, rising a bit above February, 1944's total. Declines below year-earlier levels had been averaging 500,000 persons for well over a year. The February spurt resulted from women returning to the job market. Unemployment remained less than 1,000,000, consisting mostly of job-changers. It is too soon to call the jump a general response to the current armament drive, since a similar reversal in trend occurred last April. Also, inductions of late have merely balanced military discharges, whereas increased drafts now seem to be likely.

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GETTING THE NEWS

back in the saddle as president of the U.O.'s turbulent auto workers, R. J. Thomas confers with the union's gray-haired secretary-treasurer, George Addes, who was acting president while Thomas was in London for the world labor congress. Addes had much to report: on Detroit's critical automotive labor relations and strikes, the union's referendum decision to continue its no-strike pledge, and on dissatisfaction in the rank and file over delays in winning wage boosts.

ould allow court review of administrative decisions of federal labor agencies.

(3) Provide penalties on unions which strike before exhausting grievance procedures, by forfeiting their right for specified period to government consideration of demands.

(4) Decentralize national labor policy to localize the handling of labor union-management problems, as in selective service, thus revising the organization and functions of the regional offices of the National Labor Relations Board and National War Labor Board and increasing their scope of operation and capacity.

(5) Similarly decentralize direct union-management relations, so that "no international union could have more authority to direct and control collective bargaining of unions representing employees of separate employers" than a trade association has over its member

companies. Under this proposal international unions could provide research, reporting, technical, public relations, and advisory services, but collective bargaining responsibilities would lie solely in the hands of autonomous locals.

(6) Provide the same protection for separate unions against the powers of international unions as individual companies have against trusts or combines. Prohibit political activity by both union and management organizations.

(7) Encourage incentive pay systems where feasible.

(8) Provide that unions themselves should pay union stewards or committeemen or other union officials for time spent on union business.

• **Wander Far Afield**—The introduction of these eight points into the hearing transcript was a tedious job for the Automotive Council for War Production and its manager, George Romney. He, like other witnesses, had a rough time sticking to his course. The hearing was largely acknowledged to have strayed far from its original plan in discussions of irrelevant and isolated management and labor tactics in labor relations.

The committee heard considerable testimony accusing Packard Motor Car Co. of "labor hoarding," but was unable to find a clear-cut definition among the witnesses as to what constituted "hoarding."

• **Some Progress Seen**—The entire hearing was felt by many management and union people to have done more harm than good to already strained Detroit labor relations. Unionists in particular assailed committee-germinated newspaper headlines dealing with plant loafing as bad for morale. The labor spokesmen charged that management had used the committee as a means of publicizing "isolated" plant loafing examples to kindle public resentment at unions.

Management felt that a start has been made, even though a weak one, on its long-term program to amend the nation's labor laws. In this respect it was satisfied that the Detroit hearings—which likely will be resumed later—made some slight progress.

• **Seniority to Accumulate**—One other concrete result came out of the discussions. As the result of an argument before the panel over difficulties in transferring men from plant to plant, a new agreement for Detroit was reached on the matter then and there.

Henceforth, when a man shifts jobs under stipulated conditions, his seniority at his original plant will accumulate, instead of freezing as of the transfer date—a change expected to ease considerably worker willingness to go to work for another employer when critical situations temporarily arise.

Legacy to Davis

Difficult fringe problem is inherited by new OES director along with a policy fixed by his predecessor's final act.

For almost two years the big problem in inflation control has been the so-called "fringe" issues raised by organized labor. With the Little Steel formula rigidly applied to basic wages, unions are fighting for pay envelopes made fatter by special grants in vacation money, shift differentials, travel time, reclassifications, and a host of other stipends which boost payrolls without changing hourly rates.

• **A Leading Cause of Strikes**—So determined has labor's drive for fringe adjustments become that it is today one of the leading causes of strikes. It is re-



WRINKLED FOR STRENGTH

Latest in construction methods at the Ingalls Shipbuilding yards at Pascagoula, Miss., is the use of corrugated steel plates in superstructures of 18,000-ton transports. This development, the firm reports, saves time, money, and manpower in producing these vessels because corrugations eliminate many of the stiffeners and much of the welding required in ordinary flat plates. An added postwar advantage is the streamlined appearance presented by these "wrinkled" panels.

sponsible for the textile workers' withdrawing their union president, Emil Rieve, from the National War Labor Board; and it is behind the growing unrest in the textile, meat-packing, and steel industries.

John L. Lewis' economic demands on the coal operators consist exclusively of fringe demands; and a policy covering what is to be done about fringe problems has been one of the most contentious issues in Washington.

• **How Battle Line Forms**—The position of government officials on the fringe question is easily decided. Those who are subject to the pressure for keeping prices down are opposed to fringe grants. Those who are subject to the pressure for raising workers' incomes are in favor of making allowances for fringe demands.

In opposite corners, therefore, are OPA and NWLB. And right smack in

the middle, under pressure from both sides, is the Office of Economic Stabilization.

Fred Vinson left the directorship of OES just one short jump ahead of an explosion. NWLB, unable to withstand the labor steam for fringe grants, has been granting fringe adjustments subject to OES approval. It was a nice device for getting the board off the hot seat, but it left the issue unsettled and simply turned the heat to a new target.

• **Vinson's Position**—Vinson wouldn't budge on the issue and widespread strikes threatened. It was obvious that he understood how untenable the OES position had become, because his last official act before turning the office over to his successor consisted of partially lifting the ban on price-lifting fringe adjustments (box). He coupled his concession, however, with the imposition of rigid limits on NWLB's authority to

grant fringe boosts even when prices are not involved.

William H. Davis, the new director of OES, therefore inherits a situation only a little less difficult than the one Vinson struggled with in that office.

• **What's Required**—Davis must apply the Vinson fringe formula in such a way as to hold the price line without provoking production losses through labor dissatisfaction. If he finds that beyond his abilities, something will have to be given and it is a safe bet that that something will be the price line.

Present strategy for making the Vinson formula stick calls for George W. Taylor, new NWLB chairman (page 102), to hew closely to the new fringe policy; for Davis to make liberal interpretations of the policy when cases come to him from the board on appeal.

Labor spokesmen who went along with the rest of the board in advising Vinson what board policy has been in fringe wage cases now ruefully admit that they were outsmarted. Where the board had virtually unlimited jurisdiction to grant fringe adjustments in the majority of cases not involving price relief, it is now forced to apply the same uniform tight rule to all cases, irrespective of price.

• **Stabilizer's Veto Power**—Davis, as stabilizer, will retain the right to veto price-lifting wage adjustments to protect the price line, although it is doubted that he will exercise this power.

The whole fringe controversy dates officially from the C.I.O. steel case, Philip Murray, president of the C.I.O. and the United Steelworkers of America, really wanted a general wage increase, but Murray realized that he would have a tough time plowing one through the Little Steel formula when he presented his demands to the entire steel industry in December, 1943.

Murray presented his demand for a 17¢-an-hour general increase, but supported it with a miscellaneous collection of secondary or fringe demands, which did not amount to much separately, but added up to a neat sum. The strategy enabled Murray to get—one year later—a consolation prize in fringe concessions estimated to average 5¢ to 8¢ an hour for the entire steel industry. NWLB ordered the adjustments effective on approval by Economic Stabilization Director Vinson (BW—Dec. 2'44, p16).

• **Consequence: An Impasse**—Vinson promptly balked—said NWLB had no authority to issue such an order, without first getting assurances from OPA that no price increases would be necessary.

The steelworkers' power was admittedly too great to permit Vinson to outlaw the increases. OPA, which had held up a proposed price increase for

Vinson's Formula for Fringe Disputes

For a while, at least, the Vinson formula for resolving fringe disputes will get as much attention and cause as much dissension as the Little Steel formula applying to basic wages. Here's what it provides and how it changes prevailing practices:

• **Vacations**—Vinson authorized one week after one year of service and two weeks after five years of service. This substantially accepted National War Labor Board practice, except that greater vacation awards were made by NWLB when justified by established industry or area practice.

• **Shift Differentials**—Vinson approved 4¢ an hour for the second shift and 8¢ an hour for the third shift, compared with NWLB practice of allowing 5¢ and 10¢ differentials. No provision was made for granting differentials to workers in continuous process industries on rotating shifts, although the board, since the steel wage decision, has followed the practice of giving 4¢ and 6¢ differentials on rotating shifts. This omission leaves such an award to 20,000 glass workers tied up.

• **Merit Increase and Automatic Progressions**—Existing board practice, which embodies elaborate safeguards, was approved without change by Vinson.

• **Reclassifications and Job Re-evaluations**—Vinson ruled that these are not to exceed an average increase of 1¢ per hour or 1% for all employees in the plant or plants covered, except that greater adjustments may

be allowed in rare and unusual cases affecting the critical needs of war production, with the approval of the Economic Stabilization Director.

Approval of the textile cases on this "rare and unusual" basis is expected. However, unless the NWLB makes considerable use of this "out," the 1¢-1% rule may prove the most restrictive of the lot. Board practice has been to allow 2¢ an hour or less on the average, except in industry-wide reclassifications, where an average of 3¢ has been allowed generally, going up to 5¢ in a particular plant.

It was assumed that Vinson's directive on this point would bring no change in the board's practice of setting percentage limits on the proportion of job rates and employees which can benefit under such plans. The board has also established "anchor points"—rates affecting substantial numbers of employees—to be used as a starting point for the reclassification.

• **Other Types of Adjustments**—With a detailed policy still to be worked out, the board's practice of refusing to force an employer to establish unique benefits except where justified by unusual circumstances will be continued. The board also may be expected to continue approving "reasonable" voluntary agreements dealing with fringe issues which, in the board's judgment, are not subterfuges for wage increases.

WORKING TOGETHER ON WARTIME ACCOUNTING



Burroughs systems and installation men have been working constantly with officers in the armed services, government officials and war plant executives—helping them to find ways to handle all types of accounting with the greatest saving in manpower—helping them to adapt their Burroughs equipment to changing conditions and an increasing volume of work.

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the steel industry pending the outcome of the wage case, finally found that the planned price increases did not grow out of the wage case—after much wrestling with itself, Vinson, and the steelworkers.

This rationalization permitted the steel wage boosts to go into effect, but Vinson, determined not to be embarrassed again by what he believed was overgenerosity on the part of NWLB, forbade the board to grant any more fringe adjustments involving price boosts without prior clearance with OPA. He then offered to negotiate with NWLB on appropriate standards to govern all fringe adjustments. His directive is a product of these negotiations.

In retaining the block on some of the fringe issues, Vinson placed Davis face to face with John L. Lewis (BW—Mar. 3'45, p17).

Vinson's definition of what can and cannot be done in fringe cases has opened the way for two minor concessions to Lewis: shift differentials of 4¢ on the second shift and 8¢ on the third shift, instead of the 10¢ and 15¢ he demands; and doubled vacations for those miners with more than five years' experience.

Hotels Check Up

Begin nationwide survey of repairs and replacements deferred by war shortages of essential supplies.

As every storm-tossed traveler knows, the hotels are swamped with crowds which swell the innkeepers' profits. Even New York's plushy Waldorf-Astoria has climbed out of a deficit which amounted to \$3,000,000 yearly in the early thirties; for 1944 showed a net profit after all charges of \$502,032.

Even the ban on conventions (BW—Jan. 20'45, p31) has not hurt revenues so much as was expected. A recent survey indicates that individuals seeking accommodations have thus far taken up much of the slack (box, page 26).

• **Not All Profit**—As in the case with other hostelrys, the Waldorf's comeback is due partly to a hike in room rates (from an average of \$6.56 in 1935 to \$7.53 in 1943). But much of the net profit is accounted for by deferred replacement or repair of buildings and furnishings, thereby constituting a charge against the future.

Because of management's inability to hold employees and obtain replacement supplies, floor coverings in most hotels are generally frayed and dirty, walls are cracked and in need of paint,

DAN* KNEW WHAT HE WANTED

Reading Time: 1 minute, 35 seconds



1 Dan is a typical son of the Midwest . . . affable, alert, aggressive. He chose engineering at college; then went overseas during World War I. Upon returning he joined the Purchasing Department of an automobile manufacturer. But Dan felt sure that *selling . . . not buying . . .* was his forte.



2 Saving his money, Dan became partner and sales manager of a small manufacturing concern. Then back into the auto industry as a factory representative and later Regional Manager. Dan progressed from job to job, studying the operations in retail trade, always broadening his knowledge.



3 Ten years ago opportunity came to join the Chrysler sales organization. Here again Dan did a constructive job. Subsequently came the chance to establish a dealership in the Southwest, where his broad merchandising training has served him well.



4 Dan has not only thrived but become one of the outstanding automobile dealers for miles around. During this war period he has handled important war production assignments; and in addition he takes a keen and active interest in local civic affairs.

* This dealer's name is not "Dan"; but it will serve as well here. In the wide-flung Chrysler dealer organization, there are many similar examples in which competitive enterprise provided the opportunity for men of energy and initiative to choose what they wished to do . . . and to progress as far as their beliefs, desires and industriousness can take them.

The peaceful future to which we look forward should bring renewed opportunities for men to progress in the automobile business.

Tune in Major Bowes' Program every Thursday, 9 P.M., E.W.T., CBS Network

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KEEP BUYING WAR BONDS

Note on "Deglamorizing"

Right now plastics publicity is being played *pianissimo* (that's Carnegie Hall for very softly), chiefly at the instance of the plastics producers. It seems that the "visions" that were being seen by many plastics enthusiasts were embarrassing to many in the industry.

Frankly, we're not too upset by such manifestations. It's typically American to enthuse about excit-



ing things like plastics. America's greatest successes all passed through such a period: the telephone, the automobile, the airplane, the movies, the radio . . . with "dreamers" on one hand always enlarging upon the possibilities and with the "hard-headed realists" on the other hand "keeping their feet on the ground."

We don't mind seeing plastics "deglamorized," especially if it will help business and industry to understand and use plastics to greater practical advantage. And we don't mind having America speculate about plastics either. Because out of this speculation, tempered with sound technical judgment, will come the continuing accomplishments that have already made plastics "the word of the future."



To keep abreast of plastics, from the practical viewpoint, let us place your name on our mailing list to receive news and announcements about Monsanto's Family of Plastics, the broadest and most versatile in the plastics industry. Write, on your own letterhead, to: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Mass.



linen is short, faucet handles are apt to come off when you turn on the water, and in many former first-class hostels, cockroaches hold sway.

• **Makeshifts Tried**—Tremendous effort, of course, is being made to minimize these wartime troubles. Some hotels, weary of trying to buy napkins, sheets, etc., are purchasing bolts of textiles instead and are making their own.

Others, unable to find such diverse items as coat hangers, silverware, mattresses, and carpet sweepers in the customary wholesale lots, are shopping local hardware and department stores for "half-a-loaf."

• **Postwar Needs Studied**—But these makeshifts can, at best, take care of only a small part of the problem. So hotelmen are preparing to do something about it as soon as possible. The American Hotel Assn., representing some 5,000 major hotels, has prepared a program designed to restore good service and provide jobs during the re-conversion period.

Each hotel is to prepare a detailed study of its postwar needs and forward it to the association. Without waiting for the war to stop, hotels are asked to prepare now an outline for postwar services, plan for retaining first-time guests, detail needed repairs and expansions, estimate probable postwar employment, reappraise financial setup, appoint a postwar planning executive.

• **New Ideas Explored**—Included will be a study of the possibilities of new methods and new equipment, as well as wartime developments in nonscarring woods, furniture, plastics, and synthetic textiles.

Convention Goers

Religious groups lead list of 53 gatherings allowed out of 1,331 requested. ODT deluged with protests.

The ban on large conventions (BW Jan. 13'45, p7) has so deluged the Office of Defense Transportation with protests and requests that officials say good public policy didn't require publication of the list of organizations which permits are granted. Every publication evokes a new batch of letters energetically protesting against the ban or the decisions, or both. ODT had to import stenographers from Philadelphia, but is still far behind on its correspondence.

Applications for 1,331 conventions came in during February, but only 53 were granted—34 to religious groups for conferences that are the customary means of conducting church government; 19 to others.

• **Wage Parleys Included**—Four of the successful applications were groups seeking to negotiate wage agreements: Commercial Telegraphers Union, Philadelphia; National Council of the United Automobile Workers, Detroit; United Mine Workers and southern coal operators, Washington; United Steelworkers, Pittsburgh.

Others were: University of California, for a short course on commercial preservation of food, Berkeley; U.S. Navy Bureau of Ships, training conference.

Room Clerks Once Again Are Saying "Yes"

Thanks to the ban on large conventions, the all-but-forgotten word "Yes" is beginning to find its way back into hotelmen's vocabularies.

Although the effect of the ban has varied from city to city, according to the amount of convention business expected, one nationwide result has been to make it much easier for individuals without reservations to get rooms for the night.

• **Occupancy Varies**—Typical results of recent surveys conducted by the American Hotel Assn. and local groups show that: New York's jam-packed hotels have not yet been seriously affected, but expect a sharp drop in income in May and June, the traditional convention months there; Chicago hotels showed an average of one room in every seven

vacant during February, and those hotels that specialize in conventions expect a further decline in business; Atlanta hotels are still practically full every night, although a number of rooms are usually available during the day to travelers arriving without reservations.

• **Banquet Revenue Lost**—Even if occupancy should remain at capacity, hotels would still be hurt by the ban, some hotelmen say, because of the loss of revenue from banquets and other functions usually held in conjunction with conventions.

But others point out that this should cause no squawks because hotels haven't really been able to handle such functions satisfactorily since shortages of food and help became serious.

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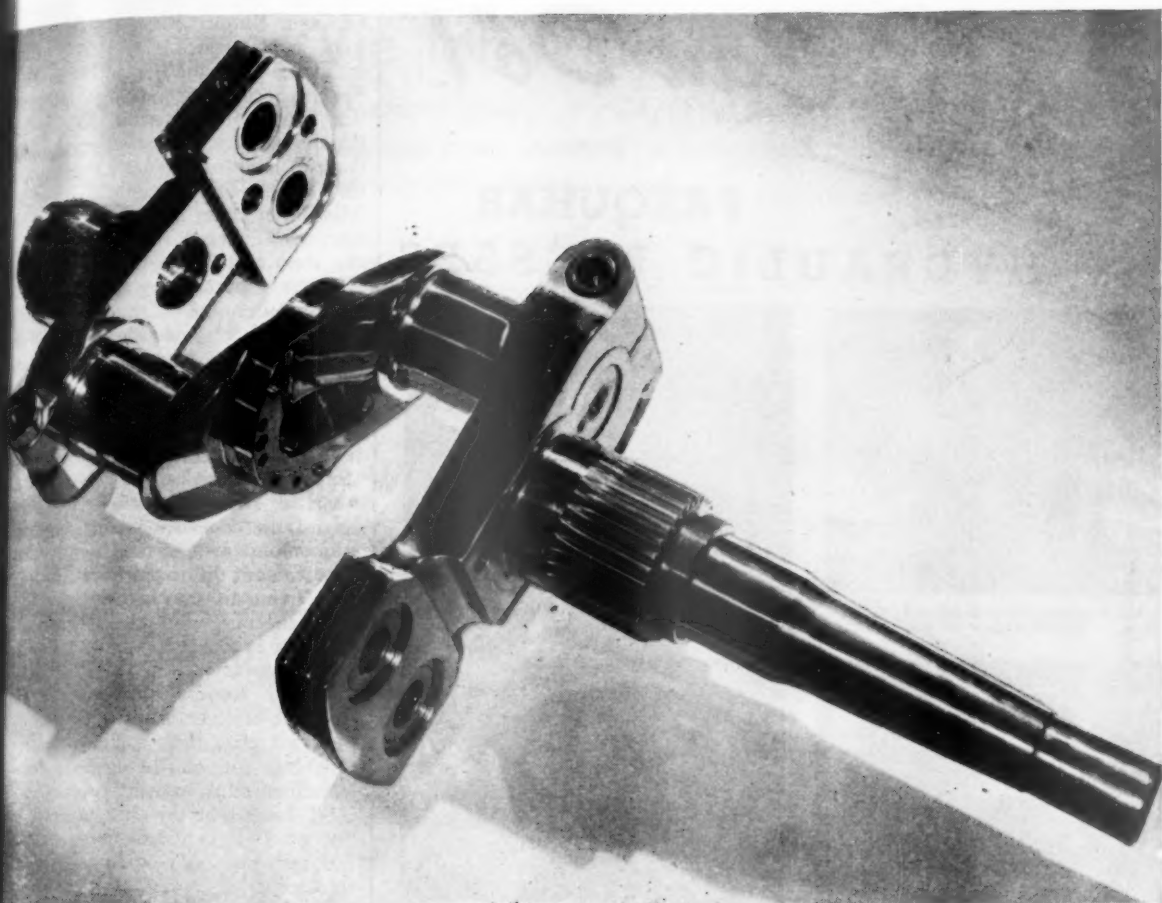
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A \$25 PIECE OF STEEL THAT'S WORTH \$750

Then shipped to the forger, the electric furnace steel for this aircraft engine crankshaft costs about \$25.

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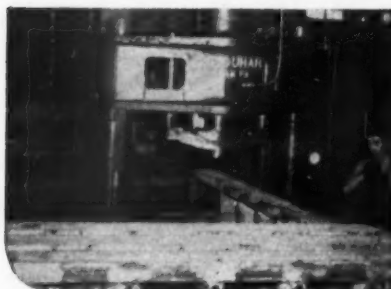
FARQUHAR HYDRAULIC PRESSES



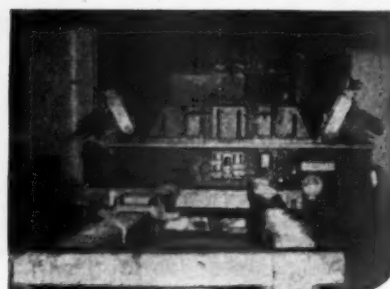
Farquhar Horizontal Gap Press at work on treads for bulldozer-tractors at a.c.f.



Row of 100 ton Farquhar Vertical Straightening Presses at a.c.f.



Farquhar Gap Press pressing bearings and shafts into bulldozer-tractor tread castings at a.c.f.



Farquhar 25 ton Spring Testing Press testing bulldozer springs at a.c.f.

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ence on disposal of surplus property, Chicago; Rubber Reserve Co., a technical conference on synthetic rubber in Dallas and another in New York; Federal Security Agency, on community war services, Charleston, S. C., and Oklahoma City, and on venereal disease control, Houston; General Electric Co. on turbine development, Swampscott, Mass.; Selective Service System, conference of directors, Washington, D. C.; the Iowa and Nebraska wings of Civil Air Patrol, recruiting conferences at Des Moines and Omaha; Society of Automotive Engineering, on material and processes, New Orleans; Minneapolis-Honeywell Engineering conference on B-29's, Chicago; Wartime Graduate Medical meeting, Denver; and school of instruction of Magnatronics Corp., Los Angeles.

• **Cattle Breeders Complain**—Protests against the convention ban range from anonymous letterwriters who charge "government bureaucratic hellhounds" with trying to wanting church life, to cattle breeders who want livestock exhibitions permitted along with auction sales of stock.

ODT's lawyers apparently drew a hazy line between the two, knowing full well that prize bulls are displayed even when not for sale, because buyers will be influenced in wanting their offspring. ODT hints that the situation will take care of itself in cattle states if exhibitors put up some stock with a sales tag on it.

INSURANCE PROBE

There is always more or less speculation about what goes on in some state insurance commission offices. Right now insurance company executives and state officials are watching for possible repercussions of an investigation in North Dakota, where Commissioner Oscar Erickson has been suspended pending his trial on impeachment charges.

Erickson is accused of profiting from "kickback" arrangements with agents to whom he gave state reinsurance business. Such reinsurance, which protects state insurance funds, was ordered stopped by the state legislature in 1947, but the charges against Erickson predate that.

North Dakota insurance people say that the current investigation is not devoid of politics. Erickson, an elective official, is being sued for \$25,000 by the National Union Security Assn., national cooperative insurance affiliate of the National Farmers Union. The association claims that Erickson, who attempted to suspend its license to do business in North Dakota, libeled the co-op.

Eight States Vie for Water

Controversy over Mexican treaty is part of a long diplomatic story, and rival economic interests will remain unreconciled, regardless of how present debate is settled.

A federal judge in the West, once called upon to settle a dispute over water rights, uttered a sentence which lends perspective to the Senate fight over ratification of the Mexican water treaty (BW-Mar.3'45,p7).

"In this arid country," observed the jurist, "water is life and may not be wasted."

• **Two States Object**—In somewhat the same frame of mind are the eight states most vitally concerned in the U. S.-Mexican treaty, just reported out by the Senate Foreign Relations Committee, which would apportion waters of the

Colorado River to Mexico (map, below) and of the Rio Grande to the United States (map, page 32). The treaty also contemplates the conduct of joint studies for development of the tiny Tijuana River on the Mexican border a few miles below San Diego (BW-Feb.26'44,p44).

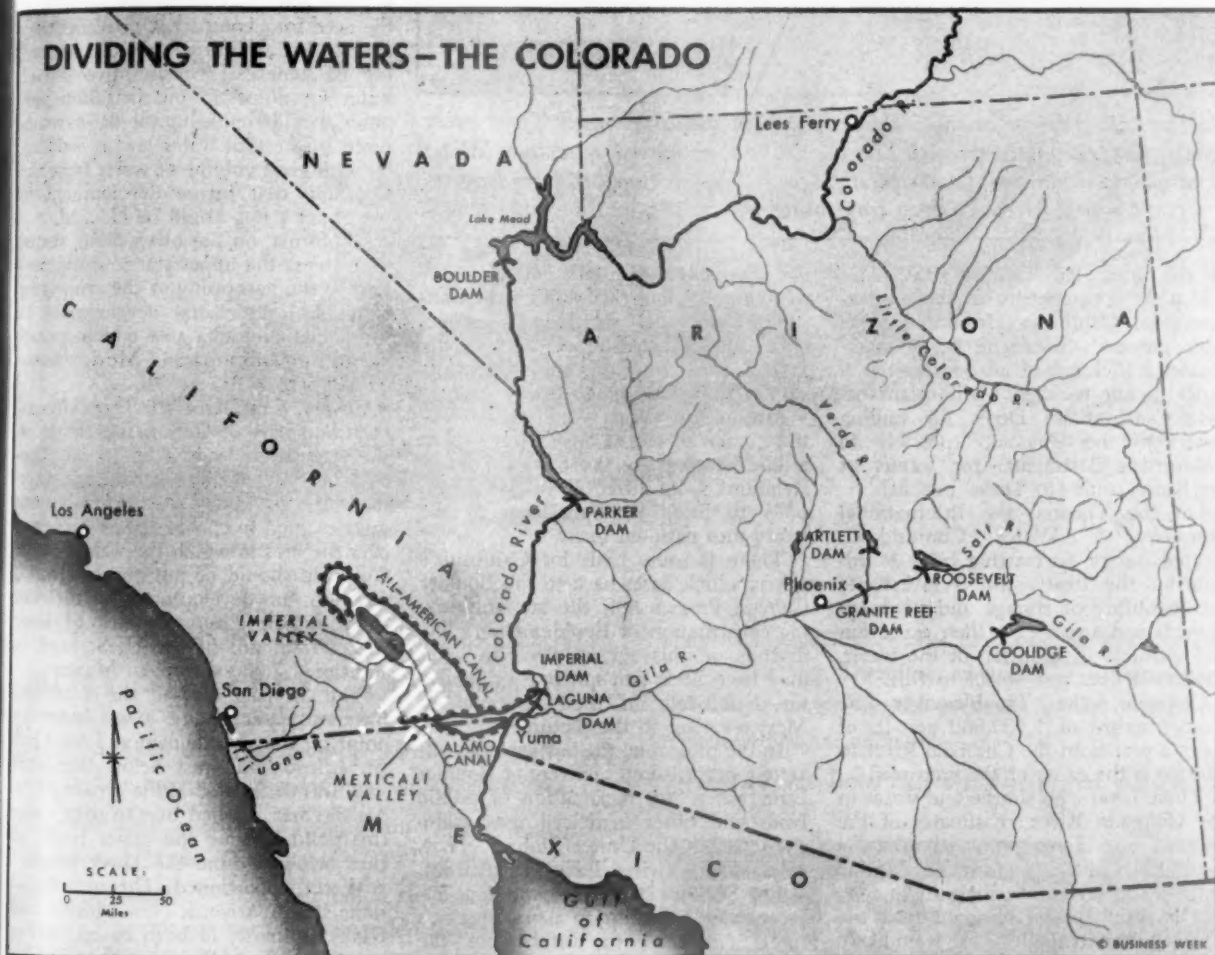
Favoring the treaty for the element of certainty it gives to their future water development by defining Mexico's rights in the Colorado River are Colorado, Arizona, New Mexico, Utah, and Wyoming. Texas, which gets the entire U. S. share of Rio Grande water appor-

tioned by the treaty, also is an enthusiastic supporter. Opposing, on the ground that the treaty is too generous to Mexico, are California and Nevada.

• **Good Neighbor Pact**—The treaty, negotiated by the State Dept. under congressional authorization in 1935 to explore the situation, was signed a year ago subject to Senate approval, as provided by the Constitution. It was heralded as proof of our good neighborliness, and the department has made no secret of its belief that the pact will help to smooth hemispheric relations.

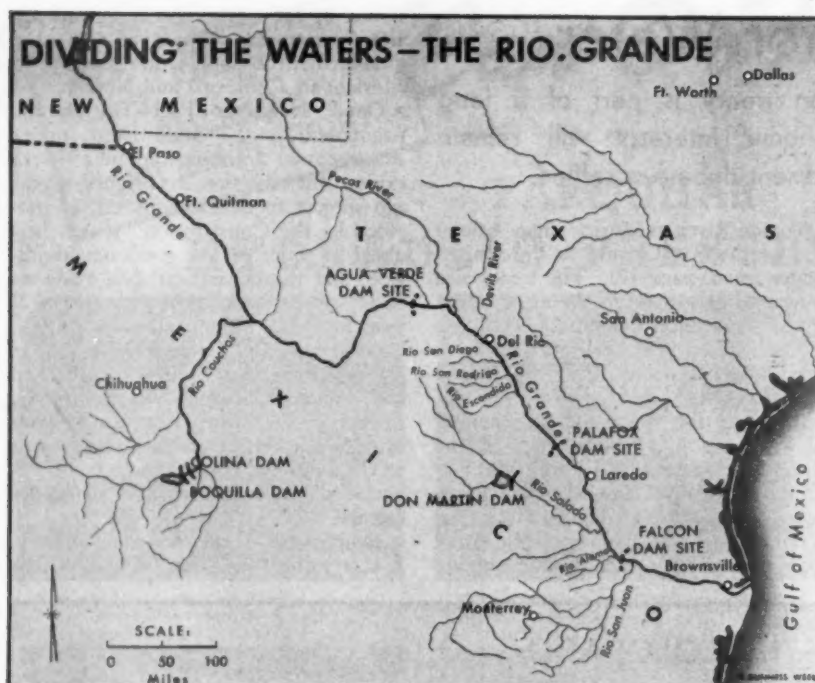
Little or no controversy surrounds the terms affecting the Rio Grande and the Tijuana. Along the Rio Grande, from Fort Quitman, Tex., to the Gulf of Mexico, Texas growers would benefit to the extent of 350,000 acre-ft. of irrigation water every year from the border stream.

• **Benefits for Texas**—A principal beneficiary would be Texas' Magic Valley



Senate approval of the pending water treaty with Mexico would enable our good neighbor to undertake large-scale agricultural development in the fertile delta area of the Mexicali Valley, without fear of disaster from flood or

silt. Whether the treaty's assurance of 1,500,000 acre-ft. of water a year for Mexico from the Colorado River would also deprive California's farmlands of needed water is the question which has aroused interstate conflict.



To facilitate delivery of the 350,000 acre-ft. of water promised Texas every year by the pending treaty with Mexico, the International Boundary & Water Commission would build and operate three big international storage dams on the Rio Grande River. Mexico contributes about 70% of the river's runoff.

on the lower Rio Grande (BW-Apr. 3'43,p20), a competitor in the market-places for California's fruit and vegetable growers. Since the treaty incorporates settlement of all border stream issues in one package, Californians denounce the State Dept. for trading waters of the Colorado (possibly to California's detriment) for waters of the Rio Grande (to Texas' benefit).

On the Tijuana, the International Boundary & Water Commission, created out of an existing body to administer the treaty, would investigate the feasibility of storage and diversion projects and arrange for their execution and ultimate distribution of the water. California does not object to this.

• **Colorado, the Troublemaker**—The treaty's award of 1,500,000 acre-ft. of water a year from the Colorado River to Mexico is the cause of the fireworks.

There is now no shortage of water in the Colorado River. Estimates of the amount now flowing unused into the Gulf of California through Mexico range up to seven or eight million acre-feet a year. Barring drought—and the Colorado has its spells—there is no likelihood that consumptive facilities along its valley will be able for years to use all the water that comes down the Colorado from Lake Mead, the reservoir behind Boulder Dam.

But Californians profess to see a

day when there won't be enough water to go around, and they don't want California, with its fabulous vegetable, citrus, and other fruit acreages in the Palo Verde, Imperial, and Coachella valleys, to be caught short.

• **Reason for Worry**—California's hostility is not of recent origin, but it took public hearings by the Senate Foreign Relations Committee (BW-Jan.27'45, p39) to bring its opposition to the treaty into national focus.

There is some basis for California's worry, which dates back to the Boulder Canyon Project Act, the law authorizing construction of Boulder Dam. The drafters of this act indulged in what may have been hair-splitting or legalistic double-talk in their appraisal of Mexico's place in the picture.

In the preamble, the law provides for, among other things, delivery of Boulder Dam water "for reclamation of public lands and other beneficial uses exclusively within the United States." That, in California's view, leaves Mexico out.

But Section 20 of the same law disavows any intention to deny Mexico's right, "if any," to water from the Colorado. And that, in the eyes of treaty advocates, brings Mexico right back in; or at least it neutralizes any hint of prohibition in the preamble.

• **Formula Is Renounced**—Until two years ago all seven states bound to-

gether by the Colorado River Compact (that is, the eight states less Texas) were agreed, through their so-called El Paso formula, that Mexico should be limited to 800,000 acre-ft. a year, more or less, depending on availability.

But Arizona, Colorado, New Mexico, Utah, and Wyoming have renounced the El Paso formula and have agreed to the 1,500,000 acre-ft. negotiated by the State Dept. They actively advocate this amount of water as fair and equitable to both countries. Only California and Nevada are left on the other side of the fence with a scattering of sympathizers among irrigation water users in Arizona and Utah.

The compact, authorized by Congress, was signed in 1922 by representatives of the seven states and subsequently ratified by their legislatures. Congress gave it final federal blessing in 1928 through the Boulder Canyon Project Act.

• **The Conflict**—Two factors pointed up the need for a compact. Upstream states feared that California, rapidly increasing its beneficial consumptive use of water for domestic and irrigation purposes, would establish prior claim, recognized by western water law as binding, on such great volume of water from the Colorado that future development in the upper states would be blocked.

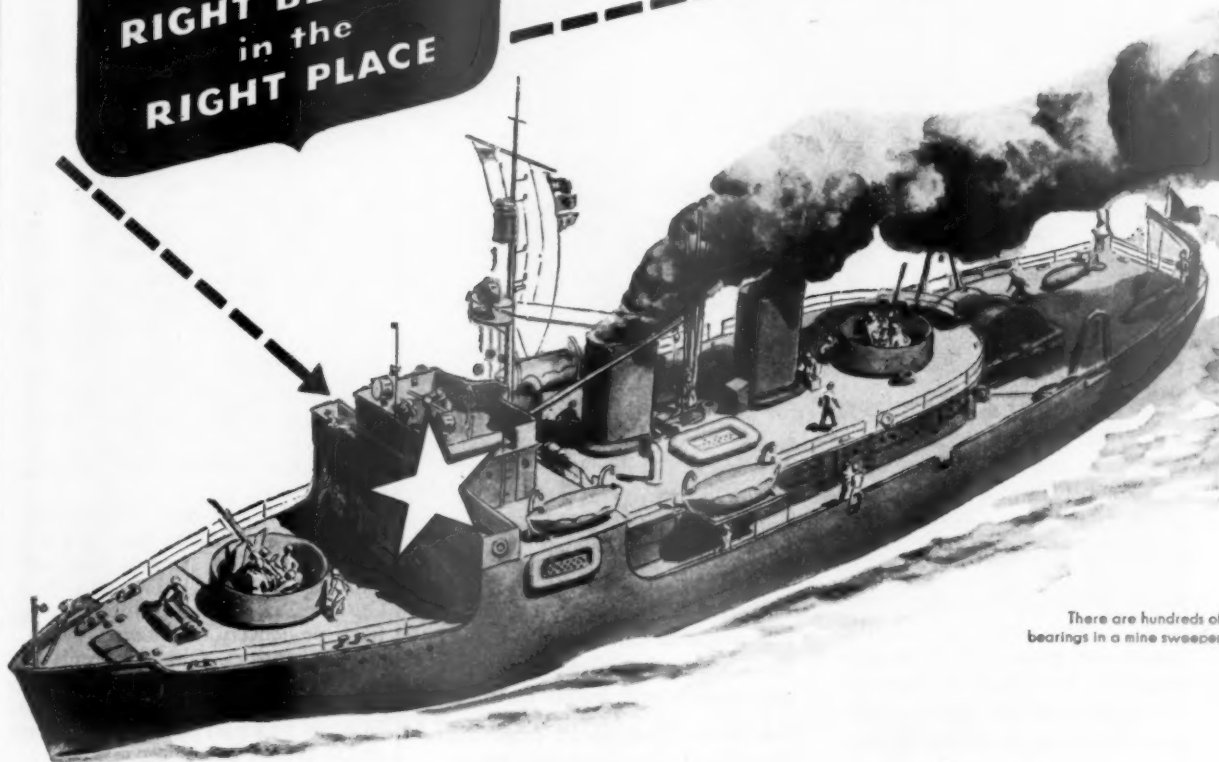
California, on the other hand, feared that unless the upper states would consent to the harnessing of the rampaging Colorado, agricultural development in the vulnerable delta area which spreads deep into California, and Mexico would be hampered.

• **Covers Vast Area**—Herbert Hoover, then Secretary of Commerce, sat in on the discussions leading up to the compact as the federal government's overseer. In its broad lines, the compact was designed to end interstate bickering over the uses to which the waters of the Colorado should be put and to shape a program for development of the vast basin, which covers an area of some 242,000 sq. mi. in the U. S. (and an additional 2,000 sq. mi. in Mexico).

The compact divided the watershed into an upper and a lower basin. A point on the river known as Lees Ferry (in Arizona and just below the Utah line) was designated as the dividing line. All the area drained by the river above this point became the upper basin; all that below became the lower basin.

• **Water Apportioned**—This meant that some states (Arizona, New Mexico, and Utah) lay partly in both basins, but in practical effect the upper basin has come to be regarded as comprising Colorado, New Mexico, Utah, and Wyoming, and the lower basin Arizona, California, and Nevada.

To each basin was apportioned "in



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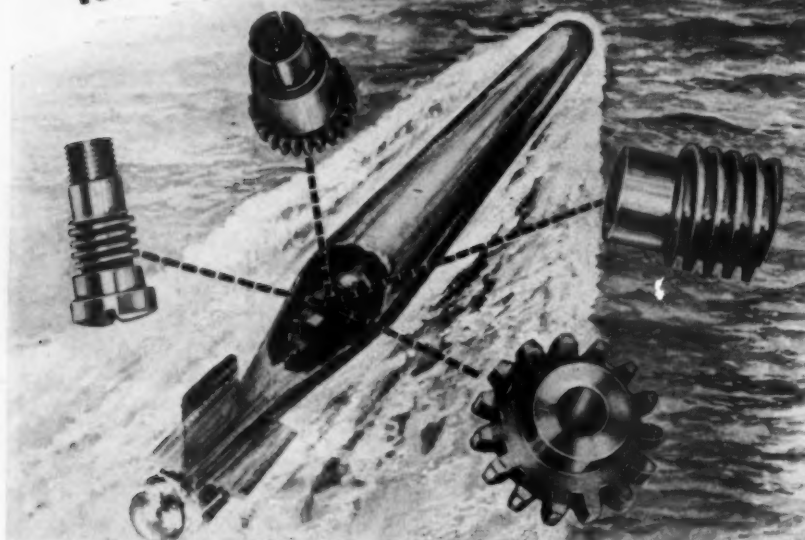
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perpetuity," but subject to availability, 7,500,000 acre-ft. of water a year from the Colorado, and, under certain conditions, the lower basin was given the right to increase its consumption by 1,000,000 acre-ft. a year.

• **Mexico Considered**—Even then the possibility that Mexico might eventually win a specific apportionment through treaty was considered. The compact signatories agreed that if that came to pass, then Mexico should take its water from surplus supply, and if that proved too little to meet its guarantee, then the lower and upper basins jointly should make up the deficiency.

Boulder Dam, completed in 1935, was the key instrument in the distribution system. Built to store some 32,000,000 acre-ft. of water (enough to cover the state of New York to a depth of one foot), the dam was designed to regulate the flow of water into the lower basin and, in so doing, to generate electric power for public sale.

But before Congress authorized Boulder Dam and its appurtenant structures in 1928, California was required by the other states and the federal government to make a statutory pledge that it would limit its use of Colorado water to 4,400,000 acre-ft. a year from the lower basin's 7,500,000 acre-ft. and half of any surpluses beyond that figure which might become available. The California Legislature made that pledge in 1929.

• **Where Water Goes**—Long before the first shovel of earth was turned for Boulder Dam, the Interior Dept. negotiated with the Metropolitan Water District of Southern California a contract for delivery of Colorado water in stated quantities, subject to availability, to the Metropolitan Water District, the city of Los Angeles, the Palo Verde and Imperial irrigation districts, and the city and county of San Diego.

These contracts aggregate 5,362,000 acre-ft. a year (that is, 4,400,000 acre-ft. as permitted by California's self-limiting pledge, plus 962,000 acre-ft. of junior priority because the government is not committed to deliver it until 1963). Since then, Arizona has contracted for 2,800,000 acre-ft., Nevada for 300,000 acre-ft.

• **Might Lose More**—As the orderly release of water over Boulder Dam has enabled Mexico to develop larger agricultural areas without fear of damage from flood or silt, the upper states have grown apprehensive lest Mexico establish binding claims on the water before they can get their projected consumptive facilities into operation. Hence these states argue that a treaty limitation on the amount of water Mexico may use is imperative.

Among them has arisen a fear that



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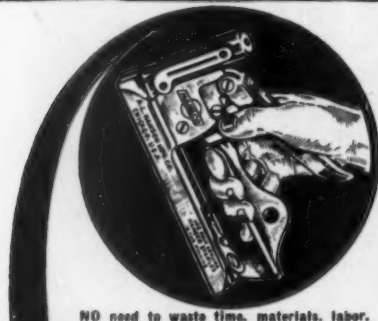


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C.F.&I. Wants Provo Steel Plants

The question of who is going to operate the \$200,000,000 Geneva steel plant, big, new installation at Provo, Utah, owned by the Defense Plant Corp. and operated by U. S. Steel, is fast moving out of the academic realm.

• **Just a Gesture?**—U. S. Steel's announcement a month ago that it was willing to discuss a price for the plant, and also for Henry Kaiser's Fontana steel plant in California, was discounted generally as a public relations gesture, addressed principally to the chamber of commerce representatives then ready to attend a session of the Western States Council, devoted principally to the West's aspirations for a postwar steel industry (BW—Feb. 17'45, p32).

Kaiser's rejoinder that he might be interested in buying Geneva was catalogued as much the same kind of gesture—for the headlines only.

• **Talking Turkey**—But the interest which the Colorado Fuel & Iron Co., for 50 years a steel producer in Pueblo, Colo., is currently showing in Geneva is open to no such suspi-

cion. C.F.&I., recently acquired from the Rockefeller interests by a group headed by Charles Allen, chairman of Wickwire Spencer Steel Co. (BW—Jan. 6'45, p29), has shown that it means business by writing DPC and stating flatly that it wants to make a bid as soon as the facilities are declared no longer needed for the war effort.

Meanwhile, another company is also showing an interest in the property. D. C. Bakewell, vice-president of Blaw-Knox Co., and Sheldon Snyder, president of Pittsburgh Rolls Division of Blaw-Knox, have recently given the plant a careful inspection.

• **DPC's Attitude**—Despite the fact that present profits of Geneva—\$900,000 gross in January, with no tax or depreciation allowances—are accruing to the government, DPC has indicated that it will get rid of the plant as quickly as it can. To that end, it has asked engineering companies to submit bids on surveying the facilities and determining reconversion costs, operating expense, and probable fair valuation.

if Mexico's share is not established by treaty, then the U. S. stands to lose a great deal more than 1,500,000 acre-ft. through operation of the inter-American arbitration treaty of 1929. This fear is based on the fact that Mexico, in exchange for permission to route irrigation water for California through the old Alamo Canal, exacted a promise of up to 3,600,000 acre-ft. of water from the Mexican corporation (of American citizens) which operated the canal. This deal folded when the United States built the All-American Canal to carry water into the Imperial and Coachella valleys.

• **String on the Treaty**—Californians snort at that fear. They declare that the Senate, in 1935, tied a string to its ratification of the arbitration treaty by requiring presidential approval and a two-thirds vote in the Senate before any dispute can be considered arbitrable. Thus, they contend, any bloc of Senate votes big enough to kill the water treaty (33 can do it) would also be able to reject as unarbitrable any future Mexican demands for water. They cite as precedent Mexico's refusal to arbitrate questions relating to non-boundary runoff in the Rio Grande.

• **Claim Is Recognized**—California draws a sharp distinction between natural flow of the Colorado and storage waters from Lake Mead which find

their way to the gulf in the Colorado's streambed.

The Colorado River Board of California, which is the fountainhead of opposition to the treaty in the southern part of the state, recognizes Mexico's right to a share of the natural flow of the river, but insists that this share should not be greater than the greatest amount Mexico was able to use before Boulder Dam brought the river under control. This, says the board, was 750,000 acre-ft. a year; Mexican use, hampered by inability to cope with flood waters because of the topography of the delta area, was as low as 228,000 acre-ft. in 1932.

To grant more, the board contends, would be to ignore the fact that Mexico bore no part of the expense of building Boulder Dam, that Mexico opposed the project in the first place, and that it contributes none of the runoff to the Colorado.

• **Gentle Reminder**—Treaty proponents neatly pin back California's ears by reminding that state that it also contributes nothing to the Colorado's runoff and that the states which favor the treaty contribute more than 98% of it (Nevada contributes 1.1%).

A commission which explored the question for the United States 15 years ago recommended that Mexico be limited to 750,000 acre-ft. a year. This

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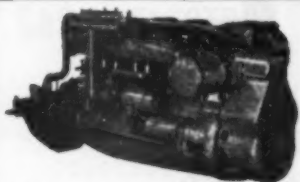
Catching Tin Fish

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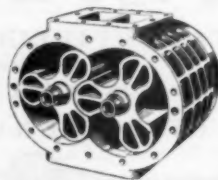
Cleaving through the water at 40 to 50 miles an hour, a torpedo under test is an elusive thing to catch. But caught it must be and is, just before it sinks.

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recommendation has been used to support both sides in the present controversy.

Those favoring the treaty contend that increments provided by the recommendation would have pushed Mexico's share from 750,000 acre-ft. to well beyond the amount agreed upon in the treaty. Opponents, however, accept the 750,000 figure at face value and say "Me too."

• **Diplomatic Settlement?**—Californians hint darkly at diplomatic intrigue in their reminder that until 1943 all seven compact states were agreed that Mexico should be limited to 800,000 acre-ft. a year. That came about in this way. In 1941 the State Dept. asked the compact states to recommend how much water Mexico should be allowed. Meeting in El Paso, Tex., in June, 1942, representatives of the states recommended unanimously that Mexico be limited to 800,000 acre-ft., less in dry years.

But early in 1943 the states were approached "individually and discreetly," according to the Californians, with the information that the State Dept. had instructions "from on high" to settle all boundary controversies, and that the heat was on to conclude the water treaty. Knowing of this, say the Californians, Mexico was able to hold out for 1,500,000 acre-ft.

• **Arizona Yields**—The Californians charge that State Dept. officials employed "practical and political persuasion" to induce the states to renounce their 800,000-acre-ft. limitation. Arizona's approval of the treaty was won, it is alleged, by promise of an advantageous form of contract for Colorado River water by which the state is assured 2,800,000 acre-ft. a year. At all events, Arizona, which had withheld legislative indorsement of the Colorado River compact for 21 years, showed signs of weakening at that time (BW—Jun. 5'43, p18) and subsequently yielded (BW—Feb. 19'44, p31).

It was inevitable that the question of who will benefit by the water poured into Mexico would be laid open for examination. California's Democratic attorney general, Robert W. Kenny, handled that chore before the Senate Foreign Relations Committee.

• **Land Purchase Cited**—To the committee he handed a letter written to him by Harry Chandler, late publisher of the Los Angeles Times, reporting that he had sold 550,000 acres of land in the Mexicali Valley of Baja California to W. O. Jenkins, American-born movie magnate who owns a chain of 70 theaters in Mexico, at a total price of \$360,000 (about 65¢ an acre).

Jenkins was identified as a former consular agent for the United States in Puebla, Mex. The implication as to

his foresight in acquiring vast cotton acreage at a time when the land was about to receive a guarantee of steady irrigation water left little to the imagination. The State Dept. insisted, however, that the treaty was concluded before Jenkins made his deal.

• **Clayton Denies Interest**—Kenny also brought in the name of Will L. Clayton, Assistant Secretary of State and former Surplus Property Administrator, who before he entered government service was regarded as the nation's No. 1 cotton dealer. Kenny's point was that Anderson, Clayton & Co., cotton factors in Houston, Tex., stood to benefit from any deal that provides irrigation water to cotton acreage in Mexico because the firm processes and exports the bulk of cotton grown in that area.

Clayton, however, has denied that he retained any interest in the firm.

• **Complex Problem**—California, while insisting that Mexico be limited to 750,000 acre-ft. a year, probably would agree to a compromise whereby in dry years Mexico would share the drought proportionately with the beneficiaries of the stream on this side of the border.

But it is clear that whether the treaty is ratified, amended by reservation, or killed in the Senate, the complex problem of dividing the waters of the Colorado is still far from solved.

TRUCK FERRY PLANNED

Application has been made to the Interstate Commerce Commission by Harry Priebe and D. E. Daggitt of Benton Harbor, Mich., for permission to operate a truck and automobile ferry service between Milwaukee and Muskegon, Mich.

The highway distance between the two cities, around the foot of Lake Michigan, is almost 280 mi., and trucks take about ten hours for the trip because of time lost in traveling around or through Chicago. The 74-mi. lake crossing will be made by the car ferry in six hours. One round-trip daily is planned during the navigation season, with unscheduled service between Milwaukee and Grand Haven-Holland, Mich.

If ICC approves, the new company—Lake Michigan Transit Co.—intends to buy and convert a 335-ft. diesel-powered vessel, now available. Round-trip revenue is calculated as approximately \$1,750, at an average charge of \$1 per ft. of a vehicle's length.

Backbone of eastbound traffic is expected to be parts and accessories manufactured by Wisconsin metalworking plants for Michigan auto plants. New cars for Wisconsin points are expected to provide the bulk of westbound post-war volume.



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Central Heating

Community steam plants, one of oldest public utilities, may be expanded after the war as efficiency increases.

The city council of Escanaba, Mich., which has municipally owned gas, water, and electricity systems, has approved elaborate plans for extension of a fourth public utility—central steam heating for the business district of the community.

• **Experiment Is a Success**—A central steam plant was built in Escanaba in 1937 as an experiment. It has served its 38 customers so successfully that the council has voted a \$3,190,000 expansion program, including 20 mi. of mains, to be built as soon as construction conditions permit. A waterfront site has been selected for the larger steam plant.

Another town about the same size as Escanaba which is planning to expand central heating is Virginia, Minn., in the heart of the Mesabi iron range where winters are long and cold. Virginia is notable, aside from the fact that it is one of the cleanest mining communities in the nation, for having a complete saturation of central heating in both commercial and residential areas.

• **Rapid Growth Seen**—Advocates of central heating systems, citing the success of the system even in extremely cold areas, such as Escanaba and Virginia, predict that there will be rapid growth of this industry after the war. Robert L. Fitzgerald, vice-president of the Duluth Steam Corp., has estimated that central steam utilities would provide a \$20,000,000,000 construction program to help relieve postwar unemployment.

Central or district steam heating is one of the oldest public utilities, but for various reasons it has not seen the rapid and widespread development of the electric and gas systems.

• **Started in New York**—First distribution of steam through underground pipes for heating from a central plant was in Lockport, N. Y., in 1877, five years before the first central light system was built in New York City.

In the eighties, the original plant of the New York Steam Corp. was built in lower Manhattan. The service was expanded until it now serves an area between the Battery and 92nd St., which comprises about 10% of Manhattan Island, and fills about 16% of the heating requirements of the city. The 53-mi. system of underground

mains serves a large portion of the financial district, much of Fifth Avenue, and many office buildings and apartments. In 1943, New York Steam sold 14,873,125,000 lb. of steam.

• **In Other Areas**—There are district heating utilities in Cleveland, Milwaukee, Detroit, Dayton, Pittsburgh, St. Louis, Boston, Philadelphia, and about 300 smaller cities. Lansing, Mich., is one of the largest cities with a municipal steam utility. Minnesota has 21 publicly owned plants, more than any other state.

Government buildings in Washington, D. C., are heated by a central steam plant. Among other large installations are the Shaker Square district in Cleveland, the wartime housing project at Elizabeth Park, Akron, Ohio, and universities, hospitals, and Army and Navy training camps.

• **More Efficient Now**—Advocates of central heating contend that it can become a bigger business in any community than the water, gas, and electric utilities combined. Failure of some central heating enterprises three and four decades ago is attributed to the fact that steam boilers then operated with low efficiency as compared to present efficiencies of as high as 85%. Central steam plants have the advantage

of buying coal much cheaper than the individual householder can. Costs of central steam may be higher than individual heating, but the convenience and saving in maintenance are strong selling points.

Cost of converting individual heating equipment to central steam usually ranges from \$200 to \$500 per dwelling unit.

Return of the smoke nuisance, in a greatly aggravated form because of increased wartime production, to St. Louis, Pittsburgh, and other cities is a factor that is expected to focus attention on the community furnace idea. Smoke is a menace to public health and property, and numerous residential and business sections have been blighted by it.

• **Reduces Damage**—An efficient central steam plant reduces the smoke damage

Requiring no space for furnace and coal bin, the basement of a centrally heated house is easily converted into a comfortable downstairs den (below). Only evidence of heating service in such a home is the array of distribution pipes and control valves (right) which could even be concealed.



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In a typical industrial installation of central heating for an Akron manufacturer, big steam mains are welded together to connect a group of buildings with one bank of boilers.

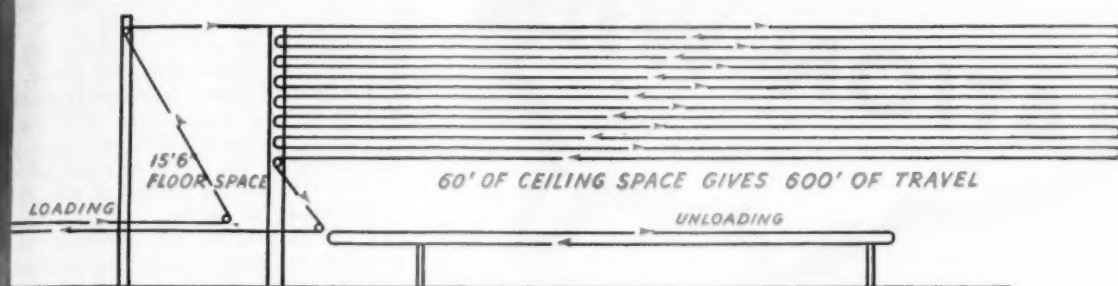
and losses by fire and explosions. A ten-year survey by the National Board of Fire Underwriters showed that 27.45% of property losses from reported fires came from faulty local heating facilities. Other advantages cited for central steam heating are uniform and quick heat, more space in the basement, and the possible savings of 15% or better in over-all fuel consumption.

Central heating champions believe that the postwar era will be the right time for the change-over from local heating.

TO RESUME TUNNEL WORK

Contractors have been given permission to recruit workers and resume work lining the 13.1-mi. Adams tunnel through the Continental Divide, part of the \$50,000,000 Colorado-Big Thompson project for bringing irrigation water through the Rockies for eastern Colorado farms. Work was suspended last fall when the War Manpower Commission shunted tunnel workers into war jobs that were more pressing.

Plan now is to complete the "invert" or lining of the floor and lower sides, then to see if the manpower situation won't permit lining the top and upper sides, so that water may be brought over for the 1946 crop season.



GREER ENGINEERING INCREASES "FLOOR SPACE" OF DETROIT PLANT 40 TIMES OVER



In the city world-famous for its streamlined automotive production is found the revolutionary Greer Multi-Tier Conveyor. The unique Greer principle of Conveying is here applied to the confectionery industry. In this production of large quantities of high quality chocolates, the Greer Conveyor occupies only 15½ feet of floor space yet delivers 600 feet of cooling travel.

While being conveyed over such a system on Greer stabilized trays, products can be suitably cooled, heated, dried, or pasteurized — with no spilling. Overhead areas are readily utilized, even to the height of two or three stories. This reduces the amount of non-productive floor space to a remarkable minimum — yet products can be

conveyed as long as required before delivering them to the next operation. The Greer Multi-Tier Conveyor can be automatically loaded and unloaded. It has been adapted with outstanding success to such products as candy, crackers, cookies, bread, fruit, shoe paste, and for curing the rubber deposit in preserve jar covers.

If you are crowded for floor space or are laying out a new plant for peak efficiency, write immediately for free Folder W-3 giving detailed information about the Greer Multi-Tier Conveyor.

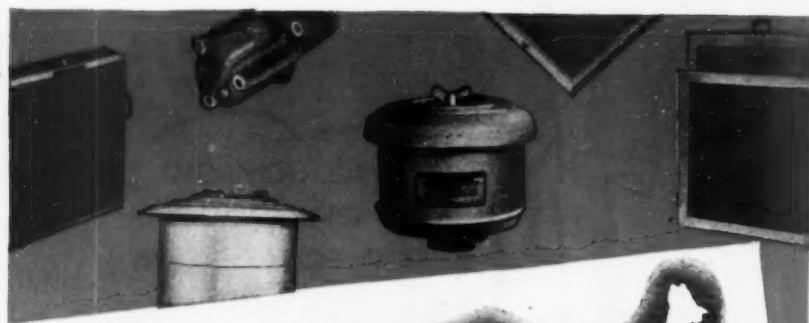
J. W. Greer Company
119 Windsor Street,
Cambridge 39, Mass.



MAKERS OF FAMOUS

GREER

MULTI-TIER CONVEYORS



AIR FILTER SERVICE



Typical Air-Maze Panel for heavy-duty service.

Dotting the nation from border to border and coast to coast are Air-Maze factory representatives. They are competent air filtration engineers trained, experienced, and ready to assist you with your air filtration problems. Take advantage of this Air-Maze service because Air-Maze has specialized in engineering, precision-built air filters for twenty years. So, whether your interest applies to air conditioning, ventilating, compressors, blowers or engines, you can have engineered air filtration in every Air-Maze filter.

Air-Maze air filters are constructed of metal throughout. They are easily washable—last indefinitely. For further data on types and application send for catalog AGC-144. And remember—"If it uses air, use AIR-MAZE".

AIR-MAZE CORP. • CLEVELAND 5, O.

Representatives in Principal Cities. In Canada: Williams & Wilson, Ltd., Montreal, Quebec, Toronto, Windsor; Fleck Bros., Ltd., Vancouver.

IF IT USES AIR...USE
AIR-MAZE
ENGINEERED AIR FILTRATION

Tires From the Sky

Discards from military air arms expected to alleviate the straits of civilian business; will be sold under OPA ceiling.

Aircraft tires salvaged from discards of the fighting forces soon will be available in greatly increased quantities to supplement the straitened supply for civilian, farm, and industrial use.

Stocks on hand total upwards of 25,000, with the prospect of a monthly receipt of some 4,000. Mounted on proper wheels and rims, these tires, originally of superior workmanship and materials, should give good service.

• **Price Ceiling Awaited**—Disposal of stocks now accumulated by the armed forces awaits establishment of a price ceiling by the Office of Price Administration, and the routine of sales by the Treasury as surplus.

This program will replace a practice that has been criticized as shortsighted and as an invitation to shady dealing. For nearly a year, aircraft tires unfit for repair or retread to meet the strict requirements of combat planes have been sold as scrap at prices under \$20 a ton. Evidence is available that numbers have found their way to use not as reclaim but as vehicular tires, at exorbitant prices.

Since Jan. 1, when the last of the contracts with scrap dealers expired, the Army Air Forces has been accumulating "usable airplane scrap" tires while OPA wrestled with fixing ceilings on the wide range of sizes.

• **Where Tires Accumulate**—The 834th AAF Specialized Depot at Mogadore, Ohio, has 7,000 such tires; the 856th, at Ontario, Calif., an estimated 5,000. The former depot receives all discarded AAF tires, as well as de-icers, fuel cells, and other rubber products, from Atlantic overseas bases and airfields east of the Rockies. Ontario handles the job for Pacific overseas and western fields.

These tire stocks vary in size from the 12.00 and 12.50 pneumatics for tail wheels, useful for front tractor wheels and industrial trucks, to the 56-in. mounting for the four heavy bombers. The latter, comparable in size to a 13.50x28 truck tire, is eminently suitable for tractors, combines, road machinery, and other offroad equipment.

Built with 16 plies at a cost to the government of around \$200, it was designed to carry weights upwards of 30,000 lb., and in load capacity will substitute for a 24x18 that costs \$1,900.

• **Suitable for Farm Wagons**—The most numerous item—currently about 20% of

the total—is the 27-in. smooth contour, comparable to vehicular size 7.50x17, suitable for light trucks and farm wagons. Fitted with a single wide rim to replace a dual mounting, this tire would offer a 40% increase in load capacity over two 24x12's.

The rims and wheels will be a problem. Sizes and design of aircraft tires differ enough from vehicular types so that none, strictly speaking, can be mounted properly on standard vehicle rims. Some, however, are close enough for a workable makeshift.

A fair stock of rims will be available. By far the largest number are in the hands of John M. Crell, Ohio and Michigan parts and used-tire dealer, who shrewdly foresaw the need and placed contracts for rims with Detroit makers and jobbers. Thousands are warehoused at Warren, Ohio; others are still in the engineering stage.

• **Stocked With Tires, Too**—Crell likewise will for some time be the largest single source of usable aircraft tires, having acquired an estimated 15,000 from Rubber Reserve Co.

Rubber Reserve handled all AAF and other rubber salvage until January, 1944. Under its system, after the Army had selected the tires to be repaired, independent contractors (of whom Crell was by far the largest) were permitted to buy those rejects which they considered usable, at \$20 a ton. The Army was stricter in its requirements then, and some of its rejects might look better by present standards.

• **Changed Design a Factor**—Some of the tires being currently accumulated for sale are likewise in excellent condition, rejected for obsolescence because of ply structure, changes in design, etc. The 56-in. size, for instance, is now carrying heavier weights and nylon is being specified, making those of other fabric construction obsolete.

Salvaged tires from Navy aircraft are also expected to be sold under the Treasury surplus procedure. No estimate is available of quantities on hand, but it will be substantially less than from the AAF. Naval craft, however, use a great many of the high-pressure sizes 30x7-16 and 32x8, which are most nearly comparable to the 6.00-16 size which predominates on passenger cars and light delivery vehicles.

• **Without Ration Certificate**—All salvaged aircraft tires will be available without ration certificate under OPA's new ceiling prices, announcement of which is expected within two weeks. Rims are already covered by ceilings (the size to convert tires for 6.00-16's retails at around \$4).

The program of marketing the salvaged tires for use rather than reclaim results from the irritation of experi-



Strong Arm Stuff

That's what is needed to wrestle these H & D corrugated shipping boxes filled with steel pipe couplings. They weigh from 293 to 523 pounds. Can corrugated stand the gaff? All shipments to date have arrived in perfect shape—some have traveled 6000 miles. They've not only proved to be the perfect replacement for old conventional shipping methods, but they've provided additional savings in packaging time, manpower and money. Wartime material shortages gave them a start—top performance assures their continued use.



Post-War Packaging Idea—SUPER-STRENGTH SHIPPING BOXES

Corrugated boxes pack more economically in railway cars, save about 25% in space. The illustrated example also provides a 20% reduction in package cost, a 25% reduction in package weight and a 20% reduction in handling expense over former methods. You can make similar packaging profits. The H & D booklet, "How to SHIP More Economically in Corrugated Boxes" tells the whole story. Send for your copy today.

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enced rubber men in the AAF at the present policy, plus pressure from the War Food Administration, which wanted tires for food production.

A 27-in. tire weighs 30 lb., and AAF officers would be happy to realize a price of \$2 each from the 66 in a usable ton of them, instead of the scrap price. Instances are reported of prices ranging up to \$30 (ceiling \$10) for a 30x7-16 which was channeled into vehicular use from the scrap pile.

• **Big Repair Business**—AAF has done a big business in repaired aircraft tires. (Its vehicles are under Ordnance.) The Mogadore depot, since 1942, has returned to service 300,000 tires, with a procurement value of \$15,000,000, and disposed of scrap valued at \$270,000.

Its procedure is to send tires needing repair or recapping (done twice if the carcass will stand it) to the original maker—Goodyear, Goodrich, Firestone, and General in Akron; U. S. Rubber in Detroit; and F. G. Schenuit Rubber Co. in Baltimore.

In California, Walter Schlichtmann of the Thompson Aircraft Tire Co., San Francisco, is the largest independent repairer for the Army and Navy.

Small cuts or imbalance is fixed up at the fields.

• **Adjustments Obtained**—AAF also drives good bargains on adjustments when defects in materials or workmanship appear after some wear has been obtained.

Cuts and bruises account for the great majority of repair jobs. A survey of 500 worn bomber tires showed causes of their condition as follows: cuts and bruises, 61%; blowouts, 25%; flat spots from skidding, 7%; damaged beads, 4%; combat damage, 2%; worn out in service, 1%.

Of the tires received, 68% are estimated to be repairable for aircraft use under the stern conservation measures which Lieut. Gen. William S. Knudsen has instituted in the hope of saving up to 35% in total rubber consumption. Of the rejected 32%, something more than one-half probably can be repaired sufficiently for some vehicular use.

• **70.4% Found Repairable**—The Ontario (Calif.) depot received 52,578 used aircraft tires from Aug. 1 to Dec. 31, 1944, and found 37,136, or 70.4%, to be repairable. The remaining 15,622 were sold as scrap under a contract

which specified that the rubber must be reclaimed.

The channels through which aircraft tires will be repaired and reach the civilian user may vary with the successful bidders, but the National Assn. of Independent Tire Dealers expects its members to be outlets. It has distributed a comprehensive chart of comparable sizes to guide its members in converting them to vehicular use.

Boom in Taverns

Varied reasons assigned for brisk sale of saloons in face of unprecedented prosperity for owners and operators.

From coast to coast, sales of saloons and taverns have reached boom proportions and state liquor control agencies are beginning to ask why, under conditions where apparently all retailers are doing land-office business, there should be so many changes of ownership.

• **Started in 1940**—License transfers in California are fairly typical of what is happening in nearly all states. A check of licenses transferred in a five-year period (1940-1944) disclosed that the turnover of the three principal types of licenses (liquor on premises, liquor off premises, beer and wine) was extraordinarily large (7,996) in 1940.

There followed a gradual decline which continued through 1942, but in 1943 the transfers again increased sharply. In 1944 the volume of transfers (9,351) exceeded anything in the experience of George M. Stout, state liquor administrator.

• **Behind the Boom**—Explanations for the condition vary state by state, but reasons suggested in a recent report to Stout are representative of official interpretations elsewhere:

(1) Under present conditions the retail liquor business is considered very profitable and it is possible that persons with substantial means may have been induced to enter this retail field instead of seeking investment opportunities elsewhere where turnover is slower, stocks less adequate, and rate of return smaller.

(2) From the seller's standpoint there are numerous advantages to a sale at the present time. Some sellers may feel that the peak of the market has been reached and that this is a good time to get out.

(3) Other sellers may be aware that one who sells his business and thereby has a capital gain is in a much more favorable tax position than one who makes the same amount of money by



SERVICE FOR PERFECT DELIVERY

Taking a leaf from industry's book, the Army's Transportation Corps has developed a production line to step up the processing of mobile equipment earmarked for overseas combat zones. Set up at the Hampton Roads (Va.) Port of Embarkation, the line has stations where metal parts are sprayed with a rust-preventive film, all moving parts are lubricated (above), windshields and vital parts are barricaded with plywood, and all mechanical and electrical units get a last-minute inspection. Such thoroughness pays dividends on the battlefront where vehicles—in perfect condition—can be stripped of protective coverings, fueled, and sent into action at the rate of one every 20 min.

pay of ordinary profits from business. The tax rate on capital gains is 25%, much higher on profits.

(4) Possibly many present sellers think they will be able to buy back into business at reduced prices later on.

Quick Pay-Out—Classified ads in one recent Detroit Sunday newspaper carried 46 offers of saloons for sale in that city. Suggestions that war plant workers were buying taverns seemed to be answered by the ads themselves. Among the 46 offers to sell, none specified down-payments of less than \$10,000, much more than the average war worker can be expected to have. The average among 19 suggested down-payments was \$24,000.

According to Detroit specialists in such transactions, a saloon should pay out its cost in profit within a year, some within nine or ten months. A bar netting \$25,000 a year may sell for \$20,000 cash, or perhaps \$15,000 down and \$10,000 on time.

Reasons given for the boom in bar sales in Michigan include the effort of present operators to obtain better locations and fancier furnishings.

Transfer Rules Tightened—Records of the Michigan Liquor Control Commission show the extent of current and recent turnover. In 1944 alone, 3,595 drinking establishments in Michigan changed hands or moved. In 1943, the total was 1,499. And of last year's total, an estimated 2,500 were transferred in the last six months of the year.

With transfer applications continuing to flood in, the Michigan commission has tightened its rules on sales of taverns. Until lately a bar could not be sold until it has been under one ownership for at least six months. Now an owner who sells a place can't buy another for six months. But such antispeculation moves haven't had too much success in keeping prices of taverns down when sales are finally authorized.

Ohio Predicts Slump—Ohio liquor control officials estimate that there has been a 40% turnover in the 1,700 retail liquor permits in Cleveland.

Prices for taverns are running between \$15,000 and \$20,000.

Any Ohio licensee is now making money, since the liquor ration is fairly generous and there are many unrationed items available.

But many smart operators suggest that saloons bought for investment will be losing ventures, at current prices, with an immediate blow being the new OPA regulation requiring quantity and prices of drinks to be posted in bars.

15% Illinois Turnover—In Illinois, state laws require new owners of saloons to get a new license.

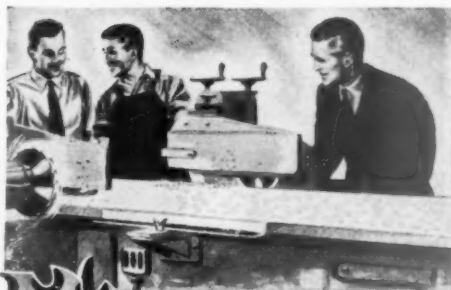
Between July 1, 1944, and Mar. 7, 1945, retail liquor licenses issued in the

How a DISSTONEER solved a case with a set of BOROD TEETH



A well known firm makes insulating material, used on the boilers of ships for the Merchant Marine. The material is made of asbestos, magnesia and diatomaceous earth, compressed into molds and heated in ovens before going to the saws. Their saw costs were high as they had to sharpen 12 saws 4 or 6 times a day.

A Disstoneer* was called in to study this problem. He recommended certain changes in their sawing operations, plus a different type of saw with the face of the teeth tipped with Borod. At the end of nine months, these Disston Saws were still in the machine and the teeth *had never been sharpened!*



Another clear-cut case of Disston leadership!

*DISSTONEER

—a man who combines the leadership and experience of Disston with sound engineering knowledge, to find the *right tool* for you—to cut metal, to cut wood and other materials—and **TO CUT YOUR COST OF PRODUCTION!**

A saw with teeth tipped with Borod may be of little use to you if you are a manufacturer of wood products. But you will be interested in the equally important advantages provided by—

DISSTON WOOD WORKING SAWS



There is a Disston Saw for every need. Each is a highly specialized tool, designed for a definite type of work, and made of a quality of steel

best suited for the purpose. And back of every Disston Saw is more than a century of saw manufacturing experience. For faster, cleaner and more accurate work, delegate your cutting to Disston Saws. Write for full particulars.

HENRY DISSTON & SONS, INC., 328 Tacony, Philadelphia 35, Pa., U.S.A.

nine-county Chicago area totaled 12,762, compared with 11,926 in the corresponding period a year ago. The corresponding figure in 1943 was 12,640.

The Chicago office of the Illinois commission keeps no figures on tavern turnover, but a recent check of 1,320 licenses showed around 200 changes in ownership or approximately 15%. No corresponding figure for a year ago is available for comparison but officials have estimated that last year's turnover

probably came to no more than 10%.

• **Increase in New York**—The New York State Liquor Authority reported 40,901 licenses were in effect in the state at the end of 1944, as compared with 39,428 at the end of 1943.

No exact statistics on turnover were available, but some of the increase in the number of licenses could be attributed to issuance of permits in areas where license mortality was heavy early in the war.



"BARGAIN" LAND ATTRACTS BARGAIN HUNTERS

Two participants in one of the oddest land rushes the West has seen look over the barren and practically useless property they've leased from the government in a southern California desert (above). A virtually trackless waste east of the tiny resort town of 29 Palms is the scene of this boom which is attracting long lines of the land hungry to the U. S. Land Office in Los Angeles (below). They are signing up by the thousands to take possession of five-acre tracts at \$5 a year for five years—sight unseen. But seeing would make little difference because the government is careful to warn that the land is infertile, undeveloped, unwatered, and much of it unsurveyed. The boom began when several Army officers boasted of the "bargain" land they'd acquired for a clubhouse. None of the new leaseholders seems quite sure what he'll do with his plot. One thing certain: Uncle Sam has plenty more—8,000,000 acres.



Enough Soap, If—

The "if" lies in fact that an unwarranted rush on market can upset balance between demand and supply of ingredients.

Despite whatever fears may have been aroused by recent changes in fats and oil quotas, the nation will have enough soap to wash its face in 1945. There is, however, an "if" in the equation. Civilian soap supplies will be adequate if consumers don't create shortages by unwarranted rushing of the market.

• **A Delicate Balance**—Admittedly, the balance between supply and demand will be rather delicate. On the demand side, military requirements—particularly with respect to yellow laundry bars—are known to be increasing. Moreover, large amounts of soap are needed in the manufacture of synthetic rubber.

Supply, on the other hand, will obviously be dependent upon the availability of the things from which soap is made. Significantly, no increase in available fats and oils is now in prospect.

The soap industry not only has managed to meet requirements to date, but has established a record both in pounds produced and in dollar volume.

• **What the Figures Show**—Figures of the Assn. of American Soap & Glycerine Producers, Inc., shows that 61 manufacturers (90% of the industry) turned out 3,300,000,000 lb. of non-liquid soap in 1944, as against the previous high of 3,130,000,000 lb. in 1941. Output of this group in 1944 was valued at \$439,929,628, a gain of 18.6% over the previous high of 1943.

In the liquid soap field, figures from 40 manufacturers (a majority of the industry) showed production of 3,250,000 gal., a 2.7% recession from the 1943 peak. However, the value of this output was \$4,288,688, a gain of 16.1%.

• **Military Sales Included**—These figures point to the possibility that the entire industry may have come close to the half-billion-dollar mark in 1944, for the first time in its history. All the figures include sales to military and government agencies, but the relationship between those sales and civilian sales is a closely guarded secret.

Against whatever new demands are made by the government and the civilian public, the fact remains that such items as coconut oil are no less scarce than they have been. Experts say that it may be a year before there is any consequential movement of copra and coconut oil from the Philippines.

• **Substitutes Get Scarcer**—Inedible tallow and grease, used by soap makers

A thirty minute look through molten alloys

Every foundryman knows that molten brass should be cast as soon as possible after it reaches the pouring temperature to assure good castings. The same is true of ingot.

But to give you ingot true to specification we must know accurately its composition while it is still in the furnace. This determination formerly took hours. Now it is done at Michigan Smelting & Refining in thirty minutes or less by using the Densitometer (shown below) in conjunction with the Spectrograph.

This rapid method of determining the presence of each element and in what quantity allows us immediately to do further refining to eliminate all injurious impurities and then make additions of alloying ingredients as required to bring the molten metal up to your specification.

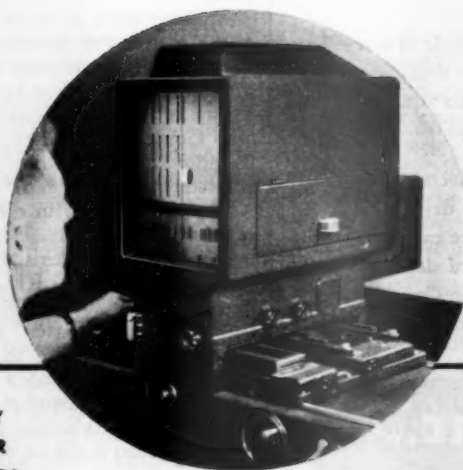
This is your assurance that you get exactly what you order when you do business with this organization.

MICHIGAN SMELTING & REFINING

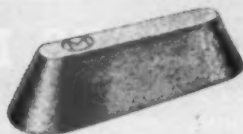
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**BUY
WAR
BONDS**



**NON-FERROUS
SCRAP METAL REFINERS
FOR OVER 50 YEARS**



MOLASSES... it's the slowest thing in January; nourishing and "yummy" in a hundred different food preparations—but always mean to work with; tough for *ordinary* pumps to handle.

Yet it's even tougher to pump this languid, sticky fluid in uniform amount—"metering," they call it, and metering often is just as important as pumping. In continuous mixing, for example, metering is the only means of keeping the proportions right.

Perhaps you have never even thought about pumping molasses, or crushed pineapple, or cottage cheese, but it's being done every day with Robbins & Myers Moyno pumps—and the quantities *metered*, too. Moynos for food-type materials operate on exactly the same principle as do other Moynos for paints, plastics, enamel, chemicals, starches, liquefied gases... for practically everything, in fact, that will flow through a pipe.

If you have a pumping problem, investigate the Moyno. It is not even similar to any other type of pump. Thousands are in daily use on services ranging all the way from simple applications to "impossible" conditions of abrasion, viscosity, and suspended solids.

And if your present demands or future plans involve electric motors, industrial ventilation, converting machines to direct drives, or lifting and moving materials, Robbins & Myers experience can be a source of helpful assistance—R & M equipment a source of dependable service. Robbins & Myers, Inc., Springfield, Ohio. In Canada: Robbins & Myers Co. of Canada, Ltd., Brantford, Ontario.



ROBBINS & MYERS, Inc.

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MOTORS · HOISTS · CRANES · MACHINE DRIVES · FANS · MOYNO PUMPS

in lieu of scarcer materials, are themselves becoming subject to increasing demands. And the Bureau of Agricultural Economics has forecast that total production of such tallow and grease will run about 150,000,000 lb. less than last year, though tallow production may rise if cattle slaughter is increased.

The lower level of domestic hog slaughter during the past six months has of course increased the demand for fats from other sources. Further tightening of U. S. supplies has been caused by export requirements.

Such are the considerations which underlie the War Food Administration's recent reduction of the soap industry's permitted use of fats and oils in civilian package and bar soaps. The cut is from 90% to 85% of base-period consumption (i.e., of the average use in the corresponding quarters of 1940-41).

• **Bulk Quota Cut Too**—Use of fats and oils in bulk package soaps was cut from 110% to 90% of the base usage. However, WFA minimizes the effects of this reduction, indicating that it was for bookkeeping purposes and that the industry was not using up its 110% quota for the bulk product. But it is acknowledged that no inventory has been accumulated.

Local soap requirements vary widely due to differences in water. For that reason, careful trade rationing has appeared to be the only practicable control which the soap manufacturers can use in meeting the ticklish problem that has been created by heavy demand and reduced supply.

TRY TO RESCUE RAILROAD

Shippers using the Rio Grande & Southern, 162-mile narrow-gage railroad which serves mines and farms among the San Juan mountains of southwestern Colorado, have agreed to a freight rate increase of \$20 a car to keep the line going.

Another move to avoid abandonment of the road is the decision of five counties, through which the road runs, to subordinate tax claims to repayment of a loan of \$60,000 from Defense Supplies Corp., a subsidiary of the Reconstruction Finance Corp., if the loan is granted.

The railroad was in difficulties three years ago when Mrs. Elizabeth Pellet, western Colorado legislator, succeeded in getting a \$75,000 RFC loan for the line (BW—Jun. 20 '42, p. 48). Now it is in trouble again. After shippers and county officials agreed to help, the receiver, who had asked a federal court for permission to abandon the line, consented to a month's delay in order to see if another loan could be negotiated with the DSC.



Mr. Peabody got it in the neck

MR. PEABODY doesn't approve of air conditioning.

He says he felt it once. He was in a movie, a cold draft got him in the back of the neck and he has been stiff-necked about air conditioning ever since.

Well, the cold, clammy gust of air that blew down Mr. Peabody's neck didn't come out of a real air conditioning system . . . it just *couldn't* have!

We'd like to put Mr. Peabody straight. That shouldn't be difficult for he's been in lots of properly air conditioned places since . . . without getting so much as *one single* pain-in-the-neck.

Real air conditioning, Mr. Peabody, isn't blasting cold air around for a while and then turning it off. Real air conditioning is a science and an art . . . providing *clean, evenly distributed, draughtless air with precisely controlled temperature and humidity . . . day in and day out, summer and winter.*

That's why, when you go into a store or restaurant or movie that is Carrier conditioned, you don't feel chilly or clammy. You are simply agreeably refreshed . . . truly comfortable . . . and you begin to think nice thoughts about the proprietor.

As it has for the past 42 years, Carrier plans to devote its efforts

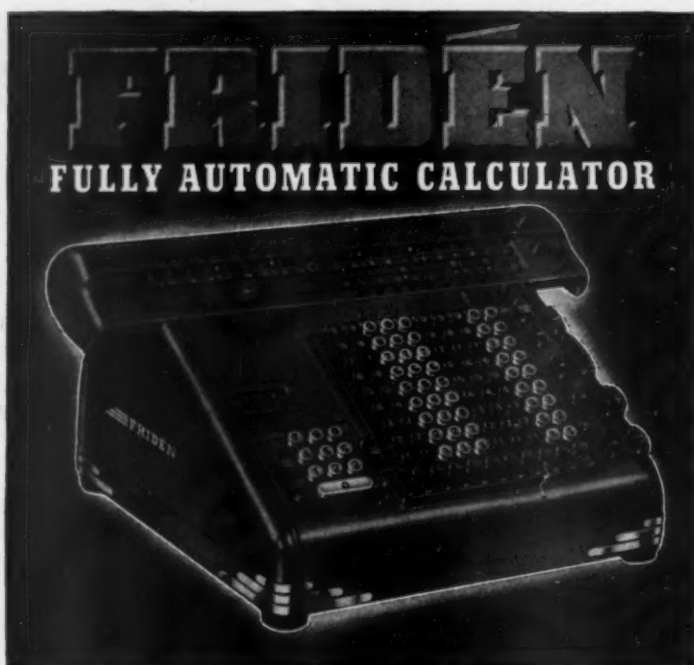
solely to the important task of bringing you the finest in air conditioning and refrigeration . . . as promptly as war responsibilities permit.

If your post-war planning calls for air conditioning or refrigeration, for whatever purpose, Carrier can be of service. Write today for specific information.

CARRIER CORPORATION • SYRACUSE, N. Y.



AIR CONDITIONING • REFRIGERATION



Need Figure Work Experts?

It is a proven fact that on a Friden Calculator anyone in your office can become a Figure Work Expert after *only 15 minutes of instruction* on any specific problem. Contact your local Friden Representative for complete information regarding these Calculators which are AVAILABLE, when applications for delivery have been approved by War Production Board.

Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.

FRIDEN CALCULATING MACHINE CO., INC.

Home Office and Plant • San Leandro, California, U.S.A. • Sales and Service Throughout the World

FINANCE

(THE MARKETS—PAGE 118)

Fight for "Katy"

Florida group's threat to gain control of railway brings stinging retort from Sloan and quick counteraction.

On the verge of bankruptcy only a few years ago, but now picking up a little bit under the boon of a tremendous wartime business (BW—Jul. 15'44, p63), the Missouri-Kansas-Texas R.R., better known as the "Katy," has become the center of a lusty fight for control.

• **Warning From Sloan**—The battle royal hit the headlines Mar. 7, when Matthew S. Sloan, chairman of the board and president, sent out notices of the annual stockholders' meeting, to be held in St. Louis Apr. 6. The notices included amendments to the bylaws proposed by Edward N. Claughton, Miami stockholder, providing, among other things, for reducing the board from 15 to nine directors, and eliminating the executive committee.

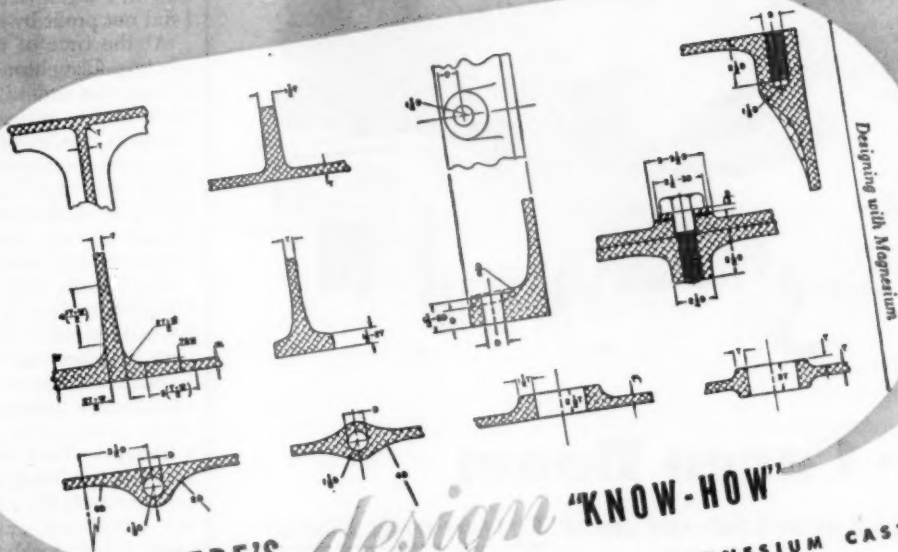
Sloan not only opposed Claughton's proposals as unsound but also declared



Matthew S. Sloan, president of the Missouri-Kansas-Texas R.R., is battling its biggest stockholder and a new association for control of the road.

**AMERICAN MAGNESIUM CORPORATION
OFFERS YOU "KNOW-HOW" IN**

design...manufacturing



EXAMPLES OF SECTION JUNCTIONS AND EMBOSSING IN MAGNESIUM CASTINGS

Help yourself to more than twenty years of experience in working with magnesium. American Magnesium will gladly share the "know-how" gained through many years of designing, manufacturing, and assembling magnesium parts.

This experience translates itself into better products for you—more efficient designs,

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it the duty of the management to warn the stockholders that Claughton "is an ex-convict who has been indicted, tried, and convicted in five cases in the State of Georgia in 1934 in connection with transactions relating to securities." Claughton, Sloan added, served time in a Georgia penal institution.

• **Increases Holdings**—Claughton, a real estate dealer and theater operator, readily admitted his prison sentence, explaining "that was the time when all the banks were broke or going broke and there were only two classes of people—the caught and the uncaught. I was caught. I was a victim of circumstances. I did not profit by it."

At the time of the last Katy annual meeting Claughton held 16,000 shares of common and 12,850 preferred. Since then he has increased his holdings of common to 167,400 shares and reduced his preferred shares to 300. As there are 1,475,000 voting shares, Claughton's holdings of about 11% would scarcely seem a threat to the present management's control.

But Sloan has been advised by Claughton that he and his associates have about 40% of the common stock vote. If successful in soliciting proxies, Claughton's group might be able to elect two or three of the five new directors.

• **Company Gets Busy**—The Katy management has hired a New York concern, Georgeson & Co., to direct a drive for the solicitation of the proxies of the road's 9,000 stockholders.

While Claughton, the Katy's largest individual stockholder, remained silent about any further steps he may take, another voice was heard from Miami.

Marvin D. Adams, a director of the Florida National Bank & Trust Co., who described himself as president of the Stockholders' Protective Committee of the Missouri-Kansas-Texas R.R., condemned Sloan's attack on Claughton and urged stockholders to refrain from any decision until both sides can be heard.

• **No Dividends Since 1934**—Katy officials said Adams' announcement was the first news they had of a stockholders' protective committee. Sloan declared the dissident stockholders were not, in his opinion, seeking a reorganization of the road for the protection of the shareholders, but to overthrow the present management and gain control for their own selfish purpose.

The Katy's recovery from near-bankruptcy as a result of war business has greatly increased trading in its stocks. For the ten years prior to 1942, the road had failed to earn its fixed and contingent interest charges. No dividends had been paid on common stock since 1930, none on preferred since 1934. These

facts formed the foundation of the claim by Cloughton and Adams that the road was in need of reorganization and new management.

• **Fixed Charges Cut**—In his latest reply to his critics, Sloan points out that the Katy through open market purchase of its obligations has reduced its fixed annual interest by \$1,800,000 during the last 30 months; that the directors will soon take steps to reduce 9½ years' accumulated arrears of interest on adjustment mortgage bonds totaling \$6,500,000 which must be paid before dividends to stockholders.

ANTITRUST RESPITE

President Roosevelt signed the insurance antitrust moratorium bill last week. Consequently, the fire insurance companies are now breathing a bit easier after some nine months of worry over the Supreme Court ruling declaring insurance subject to regulation under the Sherman antitrust act (BW—Feb. 24 '45, p. 65).

In signing the bill, the President called attention to the fact that while it did grant temporary immunity to insurance companies from application of the antitrust laws, the moratorium does not apply to agreements or acts in the nature of coercion, intimidation, or boycott.

Also, the President warned, the antitrust and certain related statutes will be applicable in full force to the insurance business after Jan. 1, 1948, "except to the extent that the states have assumed the responsibility and are effectively performing that responsibility for the regulation of whatever aspect of the insurance business may be involved."

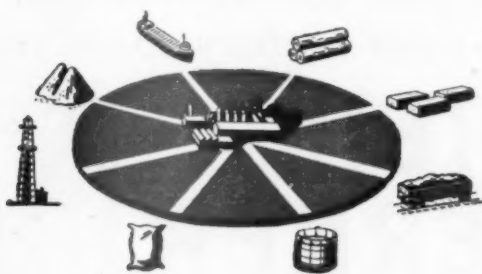
Senator Joseph C. O'Mahoney (D., Wyo.) likewise has warned that if the states do not live up to their responsibilities, Congress will handle the job.

In view of the enactment, the Dept. of Justice is reported to be considering withholding further action in its case against the Southeastern Underwriters Assn. (BW—Jun. 10 '44, p. 18).

PRUDENTIAL OBJECTS

The Prudential Insurance Co. of America, with assets of more than \$5,000,000,000, has warned the city of Newark, where it has been domiciled since its birth in 1875, that it doesn't like the taxes New Jersey is now levying on life companies. Moreover, Prudential says it may move its home office (and 22,000 employees) to New York or another state if something isn't done.

According to Col. Franklin D'Olier, Prudential president, two taxes which New Jersey now imposes have been



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Copper	Kaolin	Shale
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Dolomite	Manganese	Talc
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costing his company \$3,000,000 more yearly than it would have to pay if its home office was in another state. The levies in question are a special 1% tax on life company surpluses, minus certain deductions, and \$1 levy on every \$3,500 of premiums paid.

Prudential, which occupies nearly three blocks of Newark's main business area, isn't objecting to the usual municipal realty taxes it pays. But D'Olive told the city fathers that New Jersey special levies were something else; that the common method of taxing insurance companies elsewhere is by a 2% tax imposed only on premiums in the state levying the tax.

Omaha's Chamber of Commerce has already invited Prudential to move there. Obviously, however, the company is still sitting tight.

Mines May Merge

Two of largest bituminous producers in world agree on basis of deal for consolidation to gird for postwar competition

Although the once-ailing bituminous coal industry has now recovered and seems assured of economic health so long as war-expanded demands continue (BW-Sep. 16'44, p70), operators have no illusions about the severe competition that coal will face from other sources of heat and power once peace returns. Foresighted producers have been striving to achieve as strong a position as possible for the bitter struggle for business they see ahead.

• **Merger Plan Drafted**—Especially significant, therefore, is this week's confirmation of recent reports that officials of the Pittsburgh Coal Co. and the Consolidation Coal Co., two of the world's largest bituminous operators, had reached a tentative agreement on a basis for an eventual merger.

Equally interesting was the news that details of the proposed merger had already been submitted to interested government departments for scrutiny, and that any subsequent submission of formal agreements to the companies' directors and stockholders for approval will be subject to satisfactory clearance of the project by federal agencies.

• **Clearance Requested**—In submitting the merger plan to the Dept. of Justice for clearance under antitrust statutes, the two companies, offshoots of the old Mellon and Rockefeller industrial empires, emphasized the serious inroads made in coal's normal markets by competing fuels. To substan-

...ate their claims the companies pointed out that bituminous in 1941 had actually accounted for only 46% of the energy produced by mineral fuels and water power, compared with a 70% share in 1918.

The companies believe their merger would give them a better chance to combat the trend toward other fuels since each complements the other and the new setup would provide an opportunity to cut present operating costs. Consolidation Coal, for example, has vast and rich coal reserves while Pittsburgh Coal has an efficient sales organization. Consolidation now produces coal largely for generation of steam whereas Pittsburgh Coal's output goes mainly for byproduct and domestic uses.

• Own Vast Reserves—Consolidation was founded in 1860, its mines in Pennsylvania, West Virginia, Kentucky, and Tennessee produce 11,000,000 tons annually, and its coal reserves are estimated at 1,800,000,000 tons.

Pittsburgh Coal, organized in 1900, owns mines in Pennsylvania and Kentucky. Its yearly production runs around 10,000,000 tons and it owns 100,000,000 tons of coal reserves.

Pittsburgh Coal is, however, the larger of the pair since it had sales of \$60,889,000 and profits of \$3,309,000 in 1944, compared with Consolidation's \$47,615,000 gross and \$2,283,000 net last year.

• Ample Working Capital—Consolidation, which was drastically reorganized before this war, now has no funded debt or dividend arrears, and its working capital totals around \$11,900,000.

Pittsburgh Coal, on the other hand, still has some \$3,000,000 of funded debt, and though working capital is around \$17,300,000, \$108 of accrued dividends are now outstanding on its preferred shares.

• New Debentures Proposed—Full details on the merger plan are still lacking, but it is known that if the merger is approved, Consolidation will at once call its preferred shares for retirement. This will leave only its common stock outstanding.

The new company will issue between \$13,500,000 and \$16,000,000 of debentures, plus an undisclosed amount of common stock, and will assume Pittsburgh Coal's present funded debt.

It is expected that slightly less than 65% of the new company's securities will go to stockholders of Pittsburgh Coal. The remainder will go to holders of Consolidation Coal's common shares.

Considerable time will elapse before the plan can be carried out even after government clearance is obtained, since the stockholders affected are not expected to be asked to vote on the proposal before next June 1.



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PRODUCTION

Files on Microfilm

Federal agency ruling that contract records may be kept on film is seen widening postwar vista for the industry.

There is nothing small about microfilm these days except the miniature photographs themselves. During the past couple of years, the microphotograph has developed into a multimillion dollar business which has been making a significant contribution to the war effort.

And the perspectives of leaders in the industry are even broader. They claim that microfilming is potentially the greatest advance in business techniques since the shift typewriter came into general use.

• **Use on Records Approved**—Robert H. Hinckley, director of the Office of Contract Settlement, ruled recently that reports on war contracts may be kept photographically or microphotographically, and the original records then destroyed. The Murray-George war contract termination bill (BW—May 13'44,p16) provides that war contract records must be preserved for five years. But the method of retention was left up to the director.

Hinckley's ruling not only may go far to alleviate the current paper shortage by permitting salvage of endless tons of war contract correspondence, engineering drawings (it takes 150 tons of blueprints to build one battleship), reports, and accounts, but also, of course, gives a green light to the microfilm industry.

• **First Used by Bank**—V-mail has brought knowledge of microfilming into the everyday lives of most Americans, but other less publicized applications have been playing just as vital a role. Many of the important uses of microfilm are still hush-hush—the military services are using an estimated 60% of the industry's facilities.

Use of microfilm for compact recording of documents began in 1926, when Recordak Corp., a subsidiary of Eastman Kodak Co., installed a system in a New York City bank to make permanent record of checks. Now nearly every major bank microfilms checks.

Anything that can be photographically reproduced can be recorded on microfilm in about 1% of the space normally required and as many copies

can be made as desired (BW—Feb.2'42, p72). Each 100-ft. strip of 16-mm. film has space for about 3,000 reproductions of standard size business letters or 5,000 ordinary 5x7-in. file cards. Film also comes in 35-mm. and 70-mm. widths and in longer lengths.

Some of the new microfilm cameras will take material of almost any length. The Micro-Multinatic camera and enlarger developed by Graphic Microfilm Service can handle copy from letter-size length to maps many feet long (one municipal street map ran 55 ft.) on the same run and without adjustment (BW—Aug.28'43,p88).

• **Office Unit Developed**—Production of new equipment has necessarily been limited to essential requirements during the war, but interesting new machines will eventually be available for general use.

For instance, Diebold, Inc.'s Flofilm Division has ready a three-unit microfilming combination which makes the exposure, processes the film, and offers an enlarged view of the negative right in the office. Within an hour, finished reproductions can be ready for use on a reading machine.

The entire combination can be operated by one person. It is no larger than an ordinary filing cabinet and will handle copy up to 14 in. wide and as long as is necessary, exposing from 2,500 to 3,500 pieces an hour. Switches control light density for reproduction from

different colors and grades of paper. Research and development on the Flofilm Unit were conducted by Pratt & Gray, Inc., Norwalk, Conn., a Diebold subsidiary.

• **Widely Used in Industry**—Industry use of microfilm has increased about 1,000% since Pearl Harbor, and the percentage figures will undoubtedly rise as a result of Hinckley's ruling on contract records.

At Ford Motor Co.'s Willow Run airplane plant, approximately 35,000 individual photographs are made daily to preserve the voluminous "case histories" of Liberator bombers. When Liberator production records—which average 14,000 regular letter-size pages on each ship—reached such volume that the plant's storage vaults were crammed, Ford turned to microfilming. Now more than 500 of these ship records can be kept in the space formerly required for two. Containing a complete history of all parts and assemblies used, all parts and assembly inspections, and all changes and improvements introduced in the ship's series, the microfilm records are indexed so that any page of the record on a Liberator can be reproduced quickly.

Westinghouse Electric & Mfg. Co. is engaged in microfilming more than 2,000,000 essential sketches, blueprints and charts in its 35 plants. The job will take more than two years, but when it is finished the company's records for nearly 60 years can be stored in a vault about 10 ft. sq., and an acre of storage space will be cleared for production purposes.

Microfilm is also being used in the



Girls handle mountains of records at the Willow Run plant; one photograph documents on microfilm machine, the other checks exposures before storage



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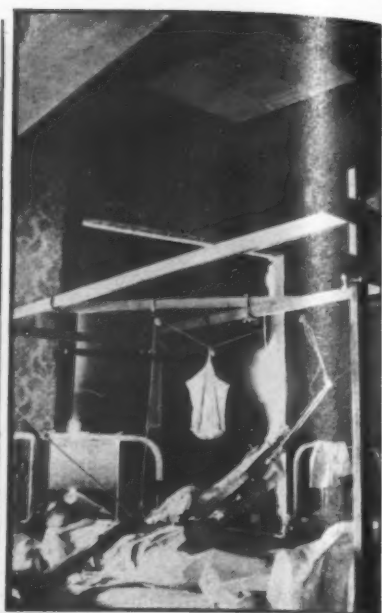
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Hopelessly immobilized, a wounded veteran comfortably reads a micro-filmed book—projected on the ceiling. Pressure on a lever turns the "pages" in the projector which will be available to householders after the war.

scientific field. For example, Armour Research Foundation had its directory of rare chemicals—considered by some to be the most important single card index in industrial research—put on microfilm last year for security reasons.

• **Varied Adaptations**—It is in business offices, however, that microfilm is expected by the industry to find its greatest market after the war. Microfilm makers look for a complete revision of present filing systems. They predict that in the future, a business executive may be able to keep all his records on microfilm in one drawer of his desk, with duplicates available to other executives in widely scattered locations.

Some railroads are expediting freight traffic by microfilming waybills. Microfilm men say that train delays, heretofore caused by the necessity of copying essential information on waybills, are eliminated when microfilming is used because waybills for an 80-car train can be recorded in about 24 minutes.

In other civilian applications, department stores have been using microfilm to keep account records; life insurance companies to preserve information on policies; hospitals to chronicle case histories; and newspapers to make copies of back issues.

• **Valued in Libraries**—Libraries are one of the major users of microfilm. In this

ORGANIZE YOURSELF TO HANDLE MORE WARTIME WORK

field Fremont Rider, librarian of Wesleyan University, has devised a system for simplifying research library procedures by having the contents of books microfilmed on the backs of index cards, thus making directly available to the reader the material he is looking for rather than having a librarian dig it out of the stacks for him.

Rider says that with the present development of micro-reduction technique, it is possible to get as many as 250 pages of a standard-size book on the back of a single catalog card, and that foreseeable improvements in microphotography make feasible reproduction of as many as 500 pages on a single card.

• **Portable Reader Marketed**—Spencer Lens Co. has developed a portable reading machine, cheap enough (\$37.50) for students to use in their own rooms.

Produced in cooperation with the Assn. for Scientific Aids to Learning, some 3,000 such readers were marketed before the war and now the War Production Board has given Spencer Lens permission to make a large lot, the first of which will be presently available. The Society for Visual Education has also developed a portable reader.

• **Reading on Ceilings**—A wartime adaptation of microfilm may win widespread popularity in peacetime. At the Percy Jones Hospital, Battle Creek, Mich., microfilmed books are projected onto the ceiling over the beds of patients, who can easily "turn the pages" with a switch manipulated by hand, foot, or other pressure.

Two Ann Arbor (Mich.) companies cooperated on the idea—Argus, Inc., camera makers, developed the projector, and University Microfilms took care of the continuities. Jointly they incorporated Projected Books, Inc., as a non-profit, administering company. They look for sales, after the war, not only to institutions but also to individuals who would prefer to lie in bed and read a projection on their ceilings to holding a book in their hands.

• **U. S. a Big User**—The U. S. government is one of the big customers for microfilm with more than 20 departments and agencies now using it. The Signal Corps was given the job of processing V-mail for the Army and a large part of the Navy, using Recordak Corp. equipment.

The War Dept. has adopted a modified form of V-mail, called Official Photo Mail, for transmitting official documents and communications. Most of the overseas correspondence courses of U. S. Armed Forces Institute, Madison, Wis., are conducted by Official Photo Mail.

Microfilm has recorded the exact time and order of draft number drawings. The Social Security Board has

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filmed more than 50,000,000 applications for account numbers, and the Census Bureau had microfilmed census data going back to 1790.

In the Chicago office of the Treasury Dept., every war bond sold is recorded on cards which are then sorted numerically and microfilmed, sorted alphabetically and filmed again. The cards are then destroyed. Remington Rand, Inc., manufactured a special high speed, automatically fed microfilm machine for this work, which will run cards through at the rate of 400 a minute. Remington Rand, incidentally, manufactured the first microfilm machine which would photograph both sides of a document at the same time.

• **Customer Services**—Most of the companies specializing in microfilm also manufacture some part of the necessary equipment and spend a large part of their time servicing customers. They advise and assist in selecting and arranging material, do the photography, as well as the developing.

Microfilm cameras are made by a number of companies, including Diebold, Inc., Remington Rand, Graphic Microfilm, Eastman Kodak for Recordak, Pathé Mfg. Co., Folper Graflex Corp., Holbrook Microfilming Service, and Microstat Corp.

Among the producers of readers are Graphic, Spencer Lens, Society for Visual Education, Argus, Inc., Federal Mfg. Co., and Eastman Kodak for Recordak. Microtronics Corp. manufactures special equipment to order. Most of the film is made by du Pont, Eastman Kodak, and the Ansco Division of General Aniline & Film Corp.

PYRETHRUM MIGRATES

For the second time in little more than 25 years the world center of pyrethrum production has swung half-way across the globe.

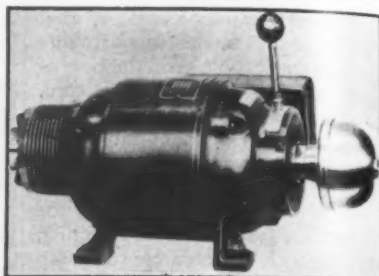
Before the World War, pyrethrum—an essential base for insecticides—came from the Dalmatian Coast of the Adriatic, but Japan became the world's chief supplier during that war and continued to hold top place afterwards. Now a new source in Kenya Colony, East Africa, has been developed. According to the Kenya Farmers Assn. of Cooperatives, Ltd., the Kenya pyrethrum flower yields a minimum of 1.3% pyrethrin compared with the Japanese average of .9%.

For the duration of the war, Kenya's 50,000-acre plantations have contracted to deliver all output to the British Ministry of Supply, but are already preparing for a drive to reenter U. S. markets in competition with the war-born DDT insecticide after the war.

NEW PRODUCTS

Vacuum-Grip Polisher

Purpose of the new Crozier Vacuum-Grip Polishing Lathe, developed by the Crozier Machine Tool Co., 684 N. Prairie Ave., Hawthorne, Calif., is to facilitate the finishing of parts which



cannot be held by orthodox chuck or collet, such as flat stampings, spun shapes, or the oilcan body pictured in place on the machine. It is said to lend itself to "parts of copper, brass, aluminum, magnesium, zinc, and plastic as well as steel." It will be available with an inbuilt motor of 1/2 hp. or greater, depending upon the requirement of the particular job.

Since the vacuum is generated by an inbuilt vane-type pump, there are neither glands nor pipes. The lathe "starts, holds the work, stops instantly, releases the work rapidly for low-cost production. All work is held firmly for polishing and burnishing and many other operations."

Processor for 16-mm. Film

The new Houston Model 11 Film Processor for 16-mm. negative, positive, and reversal film, manufactured by the Houston Corp., 11801 Olympic Blvd., Los Angeles 25, is a self-contained unit 64 in. long, 24 in. wide, and 54 in. high which rolls on its own casters to any convenient location providing an electrical connection, a water supply, and a drain. Its processing capacity is said to be "15 ft. of reversal film per min.; 5 ft. of negative film per min. at 8 min. developing time; or 20 ft. of positive film per min. at 2 min. developing time." It is designed not only for large business organizations using sizable quantities of film for microfilming, employee training, sales promotion, and the like, but also for smaller businesses desiring to go in for custom processing.

Since the machine operates under ordinary white light, it requires no darkroom. Abridged specifications in-

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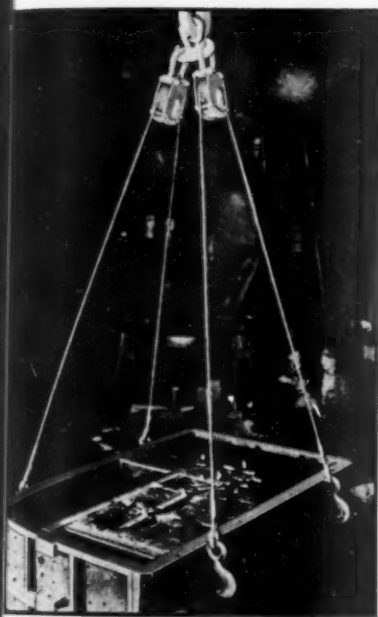
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clude: stainless steel for all parts coming in contact with chemicals; a 1-hp. motor on the main drive for pulling film through the developing tanks, driving a solution pump, and turning an air compressor; a dry box equipped with infrared lamps and a 1-20-hp. motor-blower; two variable-intensity exposure lamps for the reversal process. Solution temperatures are controlled by a 1,000-watt heater and a 1-hp. refrigerating unit which operate automatically in conjunction with a water jacket. You put in the film, and the machine does the rest.

Self-Leveling Slings

Four capacities will be available in the recently completed line of patented Macwhyte Caldwell "Level-Lift" Slings, manufactured by the Macwhyte Co., Kenosha, Wis.— $\frac{1}{2}$ ton, $1\frac{1}{2}$ ton, 3 ton, and 6 ton. Their function is the lifting of loads that must be kept level, such as the foundry flask in the accompanying illustration.

Operation is simple. You hang the blocks of the slings on a crane hook,



signal the crane operator to spot the hook over the approximate center of gravity of a particular load, and attach the slings' hooks to it. When the crane hook starts to rise, the wire ropes ride through the blocks, automatically adjusting themselves to correct lengths and locking there under the weight of the load by means of brakes under the sheaves in the blocks.

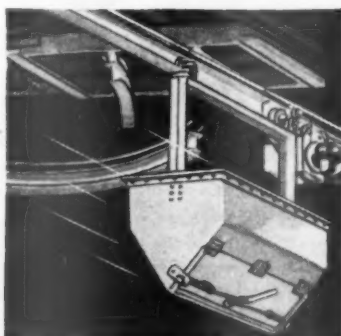
If the crane operator should misjudge the center of gravity in a load, it is said to be only necessary for him

UNATTENDED MATERIALS TRANSPORT

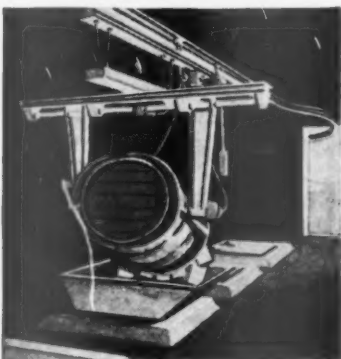


**LOUDEN SELECTOMATIC
DISPATCH SYSTEM—
TAKES ANY LOAD
ANYWHERE . . . AND
COMES BACK FOR MORE**

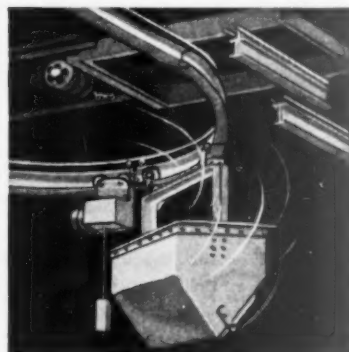
The Louden Selectomatic Dispatch System is amazing because it will carry a load all by itself anywhere you want in your plant. No attendant tagging along behind, no crane cabman, just the magic that's in the monorail track and the pendant control box on the carrier.



On its Way! Swift and sure, tireless and prompt, this maze-threading Selectomatic carrier is uncanny in its ability to find its way to the destination. Watch it when the track ahead is occupied . . . see it stop, wait, then resume travel when the track is clear. See it stop "on a dime" at destination.



Weights itself . . . unloads itself. Selectomatic can be just as automatic as you want. Here, for example, it not only weighs itself and its load but stops over an open chute, does "bottoms up", then on out again for another load.



Switches are not all. The Selectomatic Dispatch carrier can negotiate more than just switches. If your production involves processing, leave it to Selectomatic . . . it will "dunk" the load in baths with precision, accuracy and timing . . . put a "bake" in the oven . . . turn on the heat in infra-red dryer banks, or the sprays in paint booths.

Louden UNATTENDED Selectomatic Dispatch System for your plant has proved outstanding in swiftness, dispatch and economy when handling bulk material, quantities of parts or assemblies over fair distances. A real solution to the universal bulk handling problem. Only Louden offers UNATTENDED Selectomatic Dispatch . . . the unique system pioneered by the pioneers of overhead handling. Selectomatic promises you crucial advantages, a head-start in any race. Write today for further information. The Louden Machinery Company, 5211 N. Superior Ave., Fairfield, Iowa.

LOUDEN The Materials
Handling Method
of Tomorrow . . .
SELECTOMATIC DISPATCH Ready for Today



the kid's GOOD!

GENERAL'S
"Part of the Product"
Plan

GENERAL Engineered Shipping Containers are designed to the product. Frequently the product and the container come off the production line together—as a unit.

Result: You save space, materials, man-hours and packing costs.



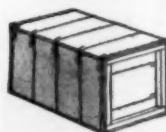
General Corrugated Box



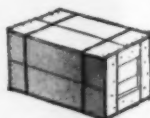
General Cleated Fibreboard Container



General Wirebound Crate



General All-Sound Box



General Nailed Box



Send for your copy of "The General Box." It illustrates our "Part of the Product" Plan.

Says you: Aren't you taking liberties with me . . . putting it on a bit thick, as it were, with this monkey business?

Says me: Perhaps we are—but the old man IS proud of the little one . . . just as you, too, are mighty proud of *your* product—proud of what it will do; proud of its better engineering and design. And we believe you'll want to put that product in an engineered shipping container. There are many good reasons:

GENERAL Engineered Shipping Containers are designed especially for the product—as Part of the Product. They're compact, lightweight, extra-strong, and *shipworthy!* They cut costs, save space, and substantially speed production.

Be sure to include GENERAL Containers in your postwar packing plans. Our engineers will be glad to provide complete information—just write today.

to "lower the load enough to release tension on the slings, which release the brakes, and then move the crane hook over a little to the true center of gravity. On reapplying power, the ropes readjust themselves and the load rises level."

THINGS TO COME

Shots of a mixture of alcohol and water that give the overheated engine of a fighter plane the extra power and speed to pull its pilot safely out of a tight brush with the enemy will ease many an overheated and laboring truck or bus over the last few yards of a steep postwar grade. Apparatus for providing the shots will consist of a small tank, appropriate piping, a quick-acting pump, and an injector.

Although the latter will be screwed permanently into an engine's intake manifold, the outfit is devised only for the one time in 100 when a quick burst of peak power is needed in a pinch. The other 99 times of daily operating will be handled adequately as always by normal engine power.

• Patrons of future food locker plants and other refrigerated establishments will find their cold-rooms as spotlessly white as food-handling centers usually aim to be. That the insulation in walls and ceilings has frequently been left in the raw has not been due to unwillingness to paint but rather to previous disappointments in white enamels that either introduced an unwelcome odor or failed to cover the chilled surfaces effectively and permanently. Such problems appear on the way to solution through the development of a forthcoming "polar" enamel.

• The same influence that caused the gearshift lever on a prewar car to be moved from the floorboard to the steering column and otherwise cleaned up the driving compartment is already at work on postwar family planes. Since many potential feminine pilots have indicated an aversion to slacks and low heels, at least one aircraft manufacturer is planning to eliminate the old stick and rudder bar whose operation called for unorthodox clothing. Its new family plane will be maneuvered by the wheel alone, enabling a woman in long skirts and high heels to fly it.

ENGINEERED SHIPPING CONTAINERS

General BOX COMPANY

GENERAL OFFICES: 302 N. Dearborn St., Chicago, Ill.

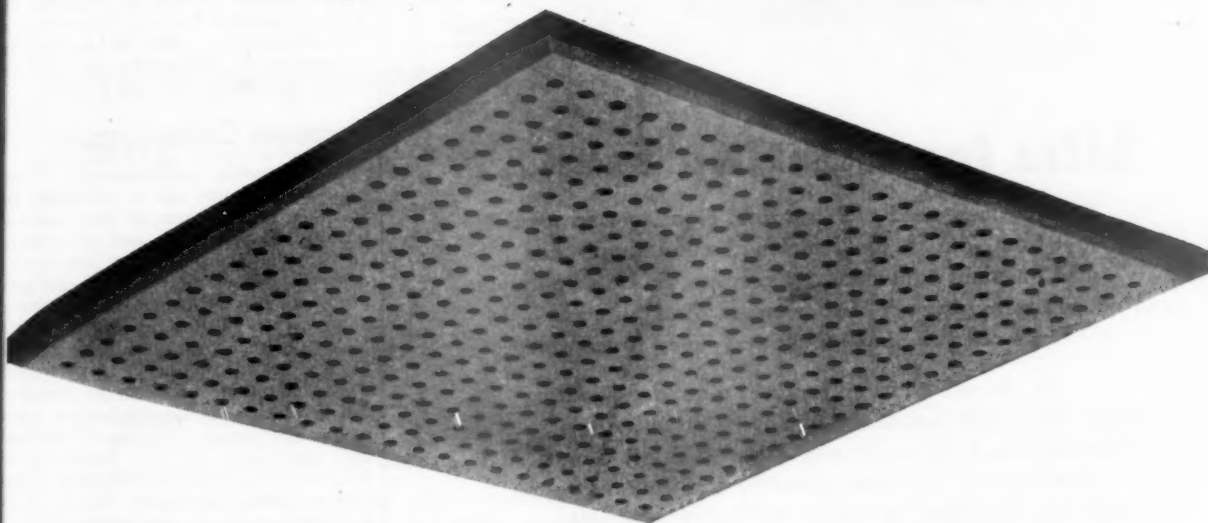
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Shobeygan, Winchendon.

Continental Box Company, Inc., Houston, Dallas.

Here's a noise demon in action



Here's a ceiling that puts an end to noise demons



It's Armstrong's Cushiontone!

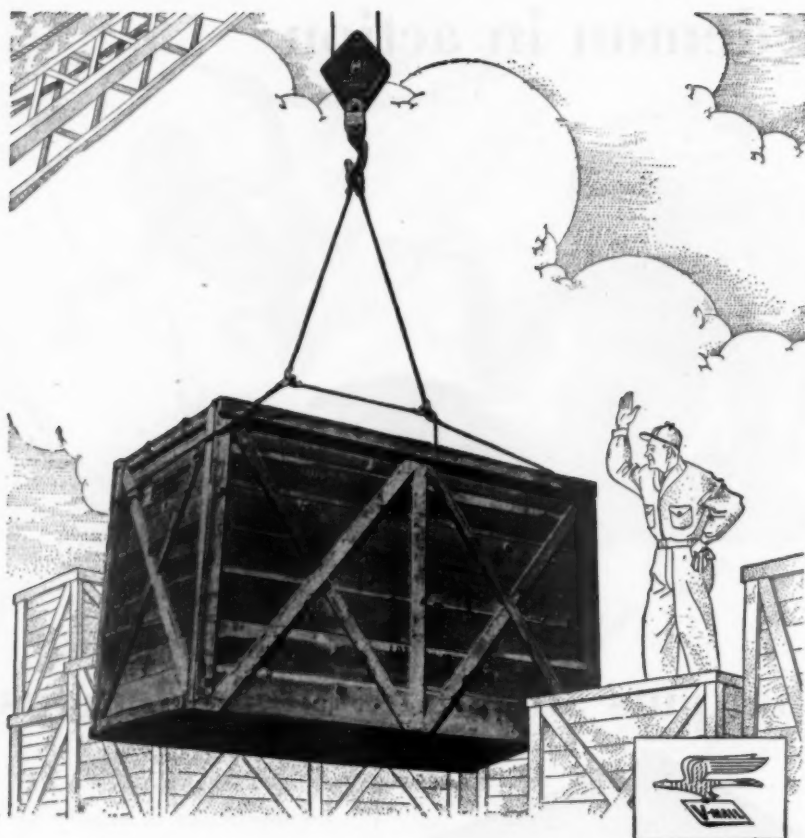
YOU'RE THE VICTIM when noise demons like these are loose in your office. These ugly pests come from the din of rattling typewriters, clattering machines, loud voices, shrill bells. They assault your ears and torture your nerves all day long, causing needless errors and generally cutting down efficiency.

But you can get rid of noise demons—once and for all—with an economical ceiling of Armstrong's Cushiontone. The 484 deep holes in each 12" square of this fibrous material trap and smother noise demons—absorb up to 75% of all noise striking the ceiling. Cushiontone is an excel-

lent reflector of light, and it can be repainted many times without decreasing its acoustical efficiency. **NEW FREE BOOKLET** gives all the facts. Write for your copy to Armstrong Cork Company, 3003 Stevens Street, Lancaster, Pa.



MADE BY THE MAKERS OF ARMSTRONG'S LINOLEUM AND ASPHALT TILE



Lifts for fighting men...

Fighting men need lifts like *this*. Fighting men need the lift they get from *letters*, too. But lengthening supply and mail lines are tightening cargo space. So Uncle Sam asks us to cooperate by using V-Mail overseas. And he adds:

"Write often . . . make it short . . . keep it cheerful."

★ To get a lift for yourself, give load-handling operations the timely assistance of Yellow Strand *Preformed Wire Rope* and Yellow Strand *Braided Safety Slings*.

See, above, how their pliability and kink-resistance simplify the movement of heavy and bulky materials.

Their stay-on-the-job endurance promotes efficiency . . . helps equipment to work at capacity . . . reduces costs. Remember the name: Yellow Strand. Remember the patented constructions: *Preformed Wire Rope* and *Braided Safety Slings*.

Broderick & Bascom Rope Co., St. Louis

Branches: New York, Chicago, Houston, Portland, Seattle. Factories: St. Louis, Seattle, Peoria

**YELLOW
STRAND**



PREFORMED WIRE ROPE • BRAIDED SAFETY SLINGS

WAR BUSINESS CHECKLIST

A digest of new federal regulations affecting priorities, price control, and transportation

Information

Further sections of the Handbook of Standards for Describing Surplus Property (BW-Mar.10'45,p54) are now available at the Superintendent of Documents at 10 a copy. The new sections cover the following classes of property: Section VI—Paper, and Paperboard Products and Products of Printing and Publishing Industries; Section VII—Rubber, Crude, Basic, and Finished Products—Natural and Synthetic; Section VIII—Petroleum and Coal Crude and Basic Products.

• **Manpower Requirements**—To help employers who wish WPB to certify to local draft boards the "irreplaceability and indispensability" of essential deferred employees under 30 years of age, WPB's Office of Manpower Requirements has published a guide entitled "Advice to Employers Regarding Selective Service." Copies may be obtained from the Office of Manpower Requirements in Washington or from the WPB field offices.

Increased Civilian Supply

Eligible retail establishments in "deficiency areas" may sell to restaurants and to other eating places in their areas a quantity of meat up to, but not exceeding 70% of the retailers' current total monthly dollar volume of meat sales. Under previous provisions, retail meat sellers' quotas to purveyors of meals were generally limited to 20% of their total dollar volume. A "deficiency area" is one in which government owned or operated projects are maintained and in which a consequent increase in population has caused a shortage of fabricated and retail meat cuts for restaurants and other sellers of meals. (Amendment 2, Regulation 336; Amendment 24, Regulation 355; Amendment 12, Regulation 394.)

• **Children's Clothing**—WPB's Textile Clothing & Leather Bureau has announced supplemental allocations of materials under Children's Apparel Program No. 3 for the production of 30,000,000 units of infants' and children's wear by Mar. 31, 1945. Manufacturers who originally received allocations under the program will get additional yardages on a proportionate basis.

Decreased Civilian Supply

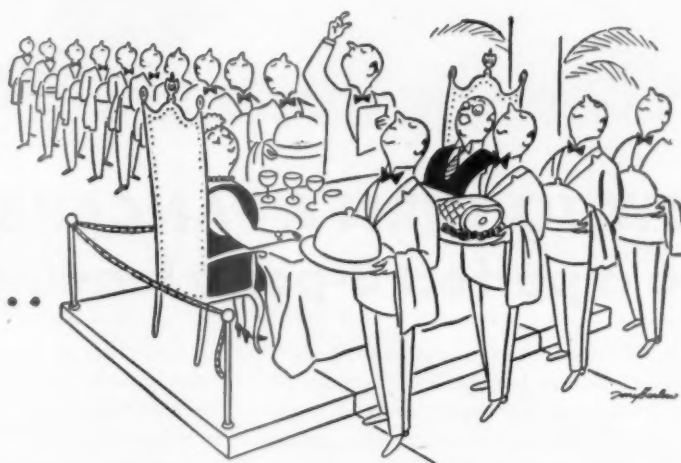
Householders in the eastern coal area will be cut to 80% of their normal needs for all types of coal next season. This most drastic of coal restrictions yet established replaces the present limitations, which allow consumers to receive up to 100% of their normal needs by using a combination

ST
federal
priorities
ortation

It never quite
came to this...



and it may never
come to this, but...



When wartime conditions improve in the Hotel Pennsylvania in New York, our dining room service may surpass even its golden era before the war.

Even now, with a staff substantially depleted by the absence of trained men and women in the Armed Services, a Hotel Pennsylvania meal is still an occasion.

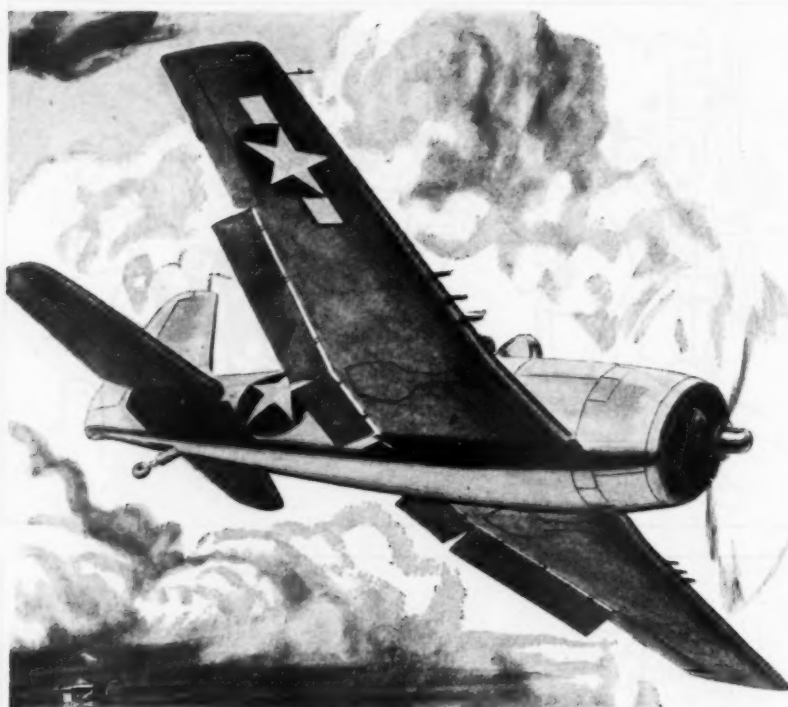
Our chefs at Hotel Pennsylvania have not only made the best of rationing and uncertain food supplies. Sometimes they have amazed even us with exciting new dishes that bid fair to outlive the duration on our menus! And, of course, Hotel Pennsylvania's famous Research Kitchens continue to plan and devise the even more princely fare that will be yours after victory.

Meanwhile, all of us at Hotel Pennsylvania appreciate your consideration in helping us make your stay as pleasant as possible.




YOUR DOLLARS ARE URGENTLY

NEEDED FOR U. S. WAR BONDS



HOW TO TURN A PANCAKE.. into a perfect 3-point landing!

 No need for a perilous pancake landing when a fighter plane returns to base—though enemy bullets may have wrecked the hydraulic supply line that controls the retractable gear.

Aboard the plane, there's a compact storehouse of emergency power—a Kidde cylinder of compressed carbon dioxide! The pull of a handle releases the stored energy of this highly compressible gas—sends carbon dioxide coursing through an emergency supply line to operate the retractable gear. Down come the wheels for a routine 3-point landing.

This is one of the many tasks that gases-under-pressure, stored in light-weight Kidde cylinders, are performing in the aviation industry. Specialists in power actuation by compressed gases, Kidde engineers are ready to work with you in adapting this compact source of energy to *your* specific problems. Just drop a line to our Research and Development Department.

Gases-under-pressure, harnessed by Walter Kidde & Company, are serving our fighting men in many ingenious ways. After the war they'll serve you! Look for them!



Walter Kidde & Company, Inc., 140 Cedar Street, N. Y. 6, N. Y.

of various types of coal. Household consumers in the affected area must file "consumer declarations" with their retail dealers in order to receive the 80% allotment. Dealers may not deliver more than 50% of the consumer's normal annual requirements before Sept. 1. People who use less than 2 tons a year need not count the fuel in their bins on Apr. 1 as part of next year's quota. Restrictions apply to domestic users of anthracite and bituminous coal, coke, briquettes, and packaged and processed fuel in the region east of the Mississippi River and in Minnesota, North and South Dakota, Iowa, Louisiana, and the city and county of St. Louis, Mo.

• **Tires**—Carbon black shortages (BW—Mar. 10'45, p74) are reflected in a 50% cut in the number of heavy-duty tires allocated to meet essential commercial motor vehicle requirements for the second quarter of 1945. WPB has allowed 1,410,000 truck and bus tires for the months of April, May, and June, as against the 2,781,000 tires requested by the Office of Defense Transportation.

• **Axle Attachments**—Military requirements have caused a reduction in 1945 allotments of third axle attachments for civilian vehicles to 3,511 units, from 5,934 units allotted in 1945.

• **Stoves**—The tight steel supply (BW—Mar. 10'45, p17) has led WPB to cut allocations of steel for production of domestic non-electric cooking and heating stoves from 48,000 tons in the first quarter of this year to 36,500 tons for the second quarter. Of the total allocation, 27,000 tons will go to cooking stoves and 9,500 tons for heating stoves. Manufacturers in critical labor areas 3 and 4 may obtain steel allotments at the rate of 100% of their first-quarter grants; in areas 1 and 2, they are allowed not more than 50% of their first-quarter allotments.

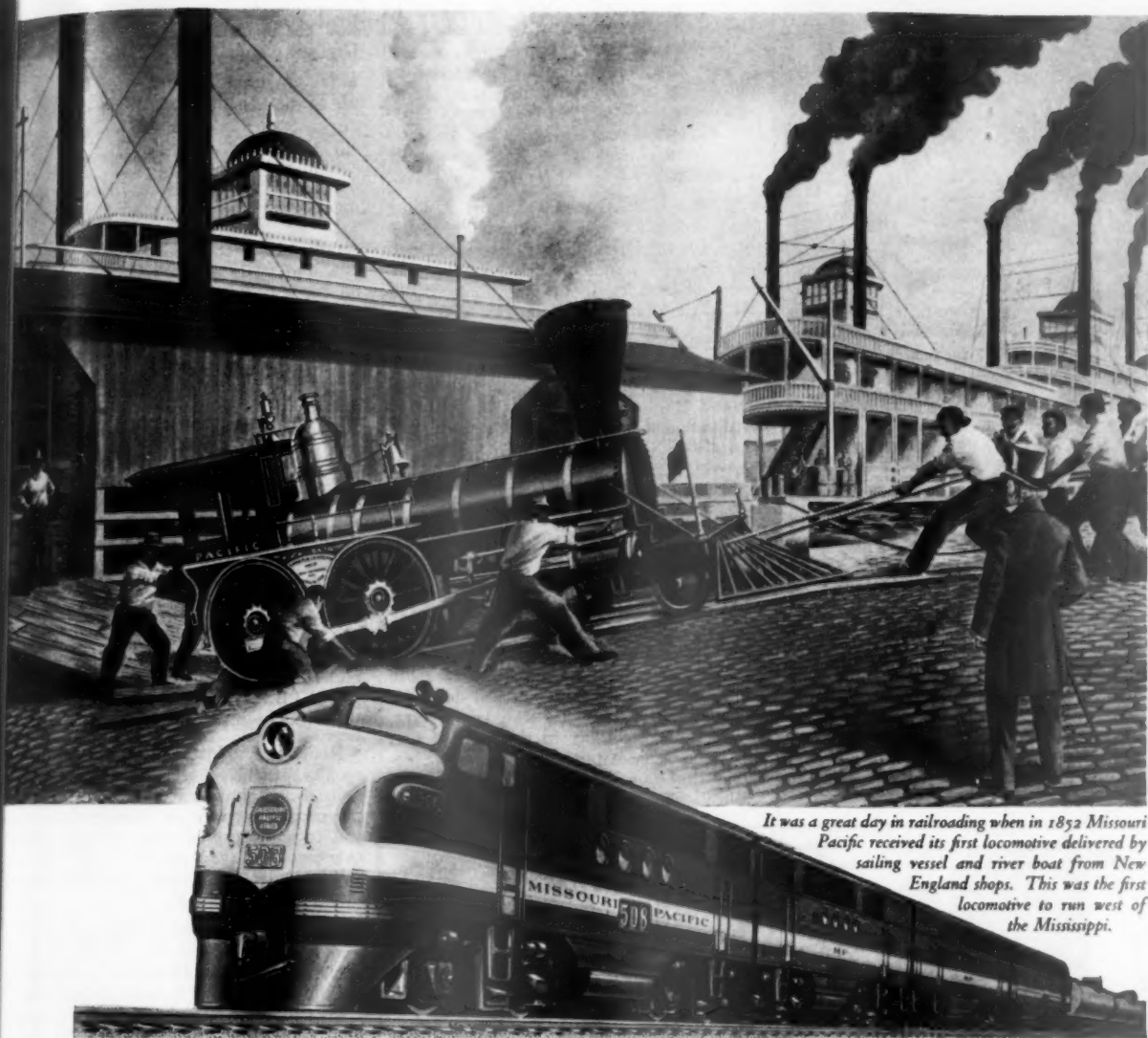
Though carbon steel available to range manufacturers in the second quarter has been cut 27% as compared with first-quarter allocations, WPB said, in announcing final authorizations to three additional manufacturers for the production of 14,350 electric ranges in the first two quarters, that first-quarter output will probably total almost 35,000, the maximum the program permits.

• **Milled Rice**—War Food Order 10 has been amended to increase the set-aside of milled rice from 60% to 100% in the southern states and in California to meet increased government requirements for rice in liberated areas of the South Pacific. Enough rice for normal civilian demands is expected through July, however.

• **Fats and Oils**—Manufacturers' fats and oils quotas for shortening have been reduced 3% by the War Food Administration to meet government requirements. (WFO 42, as amended.)

Relaxed Restrictions

An individual slaughterer may get relief from the restrictions on the percentages of good and choice grades of cattle that he may slaughter during a specific monthly period if he has owned and fed for more than



It was a great day in railroading when in 1852 Missouri Pacific received its first locomotive delivered by sailing vessel and river boat from New England shops. This was the first locomotive to run west of the Mississippi.

Today Missouri Pacific uses a fleet of high powered General Motors Diesel locomotives to haul heavy loads of oil and war freight, and to provide swift dependable passenger transportation.

PUTTING RAILROADING ON A NEW PLANE

THESE days the railroads are doing things that would have been impossible a few years ago. And one of their most powerful and modern tools is the General Motors line of Diesel locomotives.

Since the day that the first of these locomotives took the rails, they have rolled up the impressive total of more than 200 millions of miles of operation on America's major railroads.

In the things they have done—moving tremendous loads, maintaining fast, regular schedules, always on the job—lies the forecast of a new day for railroading when the war is over. Then the *full possibilities* in Diesel motive power may be applied to the carrying of passengers and freight throughout the country.

That is why it's a great new day for railroading, with greater days ahead.

**ON TO FINAL VICTORY
BUY MORE WAR BONDS**



LOCOMOTIVES ELECTRO-MOTIVE DIVISION, La Grange, Ill.

ENGINES . . 150 to 2000 H.P. . . CLEVELAND DIESEL ENGINE DIVISION, Cleveland 11, Ohio

ENGINES . . 15 to 250 H.P. . . . DETROIT DIESEL ENGINE DIVISION, Detroit 23, Mich.



"I tab each line—it's quick to do.
Just type, snip, moisten, press it on;
Stays bright and clean—It's MAK-UR-OWN."

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THE VICTOR SAFE

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& EQUIPMENT CO.

N. TONAWANDA

NEW YORK

60 days more cattle, which he expects to slaughter in that period, than his total original percentage to be slaughtered, and if at least 50% of the cattle slaughtered by him during any two consecutive monthly accounting periods in 1944 consisted of cattle that he owned and fed for more than 60 days. (Amendment 1 to Order 1 under Regulation 574.)

• **Woolen Garments**—Contractors holding rated orders for woolen garments for the Procurement Div. of the Treasury Dept. may apply for a preference rating to acquire woolen fabrics by submitting Form WPB-541 to the nearest WPB district office.

• **Livestock Auction Sales**—These sales may be held without specific permission from the War Committee on Conventions if all animals are shown for the purpose of actual sale, provided that not more than 50 persons attend from outside the local area.

Tightened Restrictions

A priority list that can be used, if needed, to channel coal to essential war and civilian users during short emergency periods has been issued by WPB at the request of Solid Fuels Administration for War. Among the seven classifications of consumers, certain types of war plants, railroads, utilities, and hospitals stand high on the list of those who will have first chance on coal deliveries when their stocks reach a stated low point, which varies according to the type of use. SFA will issue an order, when needed, defining the time, place, and extent of the application of the priorities list. Appeals for

exceptions to ratings by individual plants will be handled by the local Production Urgency Committee.

• **Tin**—Tighter restrictions on tin prohibit use of the metal in the manufacture of automobile solder and also prohibit the use of any solder containing tin in the repair of automobile bodies and fenders. Permitted uses of tin in coating or retinning certain utensils for the processing or cooking of food by institutions or by industrial or commercial establishments are now spelled out, and restrictions on habbitt metal and on the use of tin to repair gas meters are strengthened. (Order M-43, as amended.)

• **Zinc**—The use of zinc for products which were previously authorized under Priorities Regulation (spot authorization) will be subject to the restrictions of WPB Order M-11-b after Apr. 1.

• **Copper**—Among the more important new restrictions are prohibitions on the use of copper in fasteners of many types, including slide fasteners, as well as in such items as door-operating devices, and others. Fasteners for industrial safety equipment and for machine-attached snap fasteners for nurses' uniforms are exempted from the restrictions. (WPB Order M-9-c, as amended.)

• **Natural Resins**—These have been placed under the allocation controls of Schedule 96, WPB Order M-300. The first allocations will be made for the month of April.

• **Roofing Products**—Asphalt and tarred roofing products have been further standardized and simplified to conserve the supply of dry felt used in making these items and to increase production of types needed overseas. Only types listed in Schedule A of WPB Order L-228 may be manufactured under the amendment.

• **Pumps**—From Mar. '3 through May 15, dealers' stocks of new de-watering pumps in twelve states where floods are expected may be sold only on WPB authorization, except those needed to fill orders from a war agency or those rated AAA. (Direction 2, as amended, Order L-192.)

• **Tallow and Grease**—Restrictions on inventories of inedible tallow and grease have been reinstated for producers, dealers, and manufacturers by WFO 67, as amended.

• **Sugar**—WFA has added to the list of items under import control sugar-containing products with 50% or more of sugar by weight. (WFO 63-3.)

Price Control Changes

In a program to curb excessive charge for repairs to household and other appliances and to automobiles and farm equipment, authority has been granted OPA's regional offices to require repair shops that charge by the hour to give detailed invoices in all cases and to keep detailed time records. The detailed invoices must be supplied to all customers. (Supplementary Service Regulation 48, Revised Regulation 165.)

• **Solros and Lined Rosin**—Producers' maximum prices for solros (used in making core oil) and for lined rosin (used in protective coatings, matches, and sealing compounds)

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have been increased to encourage production. (Amendment 2, Supplementary Regulation 14 F to Gen. Max.)

• **Soybean Products**—In line with normal trade practice, processors may take a markup of \$3 per ton (or 15¢ per 100 lb.) on sales of soybean meal in quantities of 2,000 lb. or less. Before this amended OPA ruling, a processor could add a markup on these small retail sales only when the meal had been unloaded at a warehouse or store operated by him as a business separate from the processing plant. (Amendment 2, Supplementary Regulation 3.)

• **Textiles and Apparel**—The War Dept. may pay prices above existing OPA ceilings for textiles and apparel manufactured to military specifications and sold under negotiated contracts, provided specified price limits are not exceeded. (Supplementary Order 107.)

• **Tire Boots, Patches, and Reliners**—Manufacturers' and wholesalers' prices for tire boots, patches, and reliners made from scrap materials will be reduced 20% by new dollar-and-cents ceiling prices below March, 1942, freeze levels and retail prices will be reduced from 10% to 33%. The new ceilings will take effect Mar. 27 in the United States, and on May 11 in the territories and possessions. A new category, known as factory rejects, is established by this amendment. (Amendment 2, Revised Regulation 131; Revised Regulation 528.)

• **Surplus Property**—Ceiling prices have been established by OPA for the following items which have been declared surplus and are being released for civilian use: men's new sheepskin lined coats, sold by the Procurement Div. of the Treasury Dept. (Order 36, Supplementary Order 94); Army pocket compasses, sold through the same agency (Order 34, Supplementary Order 94); new metal life floats, offered by the Maritime Commission (Order 38, Supplementary Order 94).

Ration Control Changes

OPA has recalled surplus inventories of restaurants, hotels, prisons, and other institutional users of rationed foods in an attempt to place people who eat at home and those who eat out on the same basis so far as getting their fair share of foods is concerned. This step, which corresponds with last December's ruling wiping out unused consumer points, provides that institutional users with surplus reserves must consume a part of them before they are eligible to receive their full quota of points and certificates for each allotment period. (Amendment 99 to General Ration Order 5.)

• **Rationed Fats and Oils**—Bakers and other industrial users will be given supplementary allotments of ration points to permit them to continue to use, for the remainder of the first quarter, lard, shortening, and salad and cooking oils at the same rate as they were allowed from Jan. 28 to Feb. 25, or before point values for the items were doubled. (Amendment 44, Revised Ration Order 16; Amendment 35, Second Revised Supplementary 1, Revised Ration Order 16.)



DYEING

to make life Brighter!

NEW developments in textile dyeing will make the world a brighter place. The formulas and charts of laboratory technicians and field research men have yielded new processes to protect many colors in your future wool accessories against sunlight's fading action. Pastel tinted, spun rayon dresses for your wife will hold true shades.

For now the technicians have made it possible to apply vat dyes to a broader range of fabrics. Long esteemed for color fastness, the principal use of these dyes has heretofore been on cotton. Through new processes, they have already been successfully applied to woolens, rayons and combinations of animal and vegetable fibers over a full color scale from pastels to deep shades. Mass application awaits priorities adjustment.

★ ★ ★

Priorities adjustment will also find the Lebanon Steel Foundry prepared for both new and familiar applications of its alloy steel castings to dye processing. Castings

of Lebanon Circle L corrosion-resistant alloys safeguard color purity and trueness in kiers, vats, valves, fittings, pumps and other dye handling equipment. Many of these castings must be vacuum tight and pressure tight.

Lebanon metallurgists and foundry engineers are prepared to discuss applications of alloy and steel castings to the products, manufacturing procedures and processing methods you plan for tomorrow.

LEBANON STEEL FOUNDRY, LEBANON, PA.
ORIGINAL AMERICAN LICENSEE GEORGE FISCHER (SWISS CHAMOTTE) METHOD

Lebanon
ALLOY AND STEEL
Castings



MARKETING

Superpower: Political Issue

Old question of raising radio power limit—now 50,000 watts—is expected to enliven FCC's comprehensive inquiry into clear-channel broadcasting. Strong opposition is likely.

Superpower for radio is back again as an issue of the day.

Ten years ago when the Federal Communications Commission first began to tamper with the political dynamite involved in revising the physical structure of broadcasting (BW—Dec. 21'35,p11) it stepped smack on sensitive congressional toes. At that time the commission permitted WLW, the Crosley Corp. station in Cincinnati, to increase maximum station power from 50 kw. to 500 kw.

• **Back to 50,000 Watts**—But in 1938 the Senate passed a resolution frowning on superpower as contrary to public interest (BW—Jun.18'38,p6), and forced cancellation in 1939 of WLW's 500-kw. license. Since then WLW has been broadcasting with 50 kw. during day and evening hours—the prevailing maximum for all American stations—carrying on superpower experiments on a sustaining basis from midnight till 1 a.m. (BW—Feb.18'39,p32).

However, the five years had been long enough for WLW to prove the feasibility of superpower from a technical and engineering standpoint. The station built up such popularity that, in a poll taken in 1936, listeners in 13 states from Florida to Michigan named it their favorite station (BW—Sep.12'36,p12). But this success is what made trouble.

• **Wheeler Is Champion**—FCC received numerous applications for similar grants from other ambitious clear-channel stations limited to 50 kw. Smaller broadcasters began to fear for their lives—and profits—until Sen. Burton K. Wheeler became their champion.

Wheeler and others who strongly opposed superpower saw it as a threat to little 100-watt stations. They contended that a dozen clear-channel, superpower stations could blanket the country and thus create a virtual monopoly on listening. Secondly, it was argued that a few big stations might be able to wield too great an influence over national affairs.

The major networks also had qualms about superpower, which might so strengthen some of their key outlets

that they would be hard to hold in line, even as WLW had been.

• **Hearings Scheduled**—Since that fateful day in 1939 hopes of the superpower fraternity have never died: Main support for their cause lies in the improvement in rural service that a power boost from 50 kw. to 500 kw. would bring about.

Last month FCC announced that once again it would give the broadcasters and all who might be interested an opportunity to be heard on this question as part of a comprehensive inquiry into clear-channel broadcasting.

• **Three Classes**—At the present time there are 53 stations in the country with

the maximum 50-kw. power. These are all clear-channel stations, as distinguished from the other two classes of standard broadcast channels—regional and local.

Clear channel means that the dominant station or stations (with power no less than 10 kw. or more than 50 kw.) on the channel render interference-free service both in a primary area in the immediate vicinity of operations, and in a more distant secondary area and thus are able to serve rural sections. Regional and local channel stations operate with less power which limits their service to primary areas.

• **Others Share Channels**—Within the clear-channel classification there are 24 class 1A stations having exclusive nighttime use of the frequencies assigned to them—only nine of these stations have exclusive use of their channels both day and night.

Importance of nighttime service results from a phenomenon of nature. Only short distance ground waves carry radio during the day, but at night sky waves carrying over a much larger area make long-distance transmission possible, and other stations sharing frequencies with Class 1-A stations must



PREPARING FOR BUSINESS ABROAD

Three advertising men meet to discuss a new cooperative project to assemble and distribute foreign marketing data in order to stimulate American exports after the war. They are (left to right): Robert H. Otto, president of Export Advertising Assn.; G. Allen Reeder, advertising director of Carstairs Bros. Distilling Co.; and Fred R. Gamble, president of American Assn. of Advertising Agencies. Reeder is chairman of the committee for export marketing research through which the Assn. of National Advertisers will team up with the E.A.A. and the A.A.A.A. to conduct the program. Among the committee's proposed activities: to correlate government information on foreign markets, to explore potential markets abroad, to distribute data among sponsoring advertisers.

**UP goes
OUTPUT**

DOWN comes inventory!



KARDEX—of course!

FACT-POWER simplifies inventory

control for **READY-POWER COMPANY**

In the first six months of operation with Kardex *Visible Inventory Control*. The Ready-Power Co. isolated 7,000 in obsolete parts—reduced their inventory, smoothed their scheduling, planning and production operation.

"We have found the greatest feature of this record is its simplicity of operation," says Mr. W. A. Butner, Vice-President and Manager of

Ready-Power Division. "It provides condensed facts on past experience, at a glance it reveals current stock and balance available for future requirements. This accurate data facilitates intelligent decisions in ordering the proper quantities at the proper time."

Recognizing the importance of this inventory record should fire strike, Ready-Power safeguards this

vital "Fact-Power" data—gives it the *certified* fire protection afforded by Safe-Kardex Cabinets.

Full details in "STOCK CONTROL FOR THE MANUFACTURER". This valuable study is now available on special loan service from our Systems Research Data File. Get it from our nearest Branch Office.



**SYSTEMS DIVISION
REMINGTON RAND
BUFFALO 5, NEW YORK**

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OUT OUR WAY



SPEEDI-DRI prevents slips and falls, eliminates the hazard of fast-spreading fires. It is thirsty for industrial oils and solvents, blots up oil or grease safely and inexpensively, not only from on top but out of the pores of concrete, composition, or wood floors.

SPEEDI-DRI is easy to apply, requires no expensive, complicated machines. Simply spread on the floor. A sure, non-skid surface results. Floors are desert-dry when swept clean.

Oily floors invite fire and accidents. That is why insurance companies recommend **SPEEDI-DRI**. Employees are enthusiastic, too. Send for free samples today . . . **SPEEDI-DRI** for regular, industrial oils and greases . . . **SOL-SPEEDI-DRI** (an all-purpose product) for solvents, acids, coolants, resins, and syrups as well as oils and greases.

SUPPLIERS: East—Refiners Lubricating Co., New York 1, New York.

Midwest & South—Waverly Petroleum Products Co., Philadelphia 6, Pa.

West Coast—Waverly Petroleum Products Co., Russ Bldg., San Francisco 4, Calif.

SPEEDI-DRI
OIL AND GREASE ABSORBENT



"Think First—Stop Accidents"

clear the air at sunset so as not to interfere with the higher rated stations.

• **Battle Lines Form**—No sooner was the public hearing scheduled for May 9 in Washington than the broadcasters began to form their lines along the same old pattern. The Clear Channel Broadcasting Service composed of clear-channel licensees called its leaders into session to map its strategy. On the other side, steps were taken to revive the National Assn. of Regional Broadcast Stations to ready testimony for FCC urging that clear channels be broken down to permit more stations on the standard broadcast band.

One of the first to comment on the FCC action was Sen. Wheeler, who failed to mention the superpower issue, but who said that clear channels "now assigned to the big cities in the East could be shared by stations in the Middle and Far West" to the benefit of the rural areas, as was originally intended.

• **Report on Earnings**—Silent warning to the trade of the close scrutiny of clear-channel high-power operations that lies ahead came in the FCC's simultaneous disclosure of the earnings of the nation's 53 maximum-power stations. Altogether they had rolled up net time sales in 1944 of \$58,624,000 (after deducting agency commissions). That is an increase of \$9,708,000, or 19.85% more than the amount reported by 52 stations in 1943.

The nation's fifty-third station, KWBU at Corpus Christi, Tex., began broadcasting last year with 50,000 watts daytime strength (no evening programs). KWBU, which obtained the only commercial license FCC has granted since 1942 (BW-Dec.11'43, p82)—and for 50,000 watts at that—accounted for \$117,000 of the total amount reported by the maximum-power stations.

WINS of New York (sold last month to the Crosley Corp.) holds a construction permit from the FCC for a 50,000-watt transmitter, but operations await the end of the war (BW-Feb.3'45,p82).

• **Industry Protests**—Many in the trade are of the opinion that FCC had given too little notice of the hearings, that radio men couldn't complete the necessary research before fall, but the FCC, spurred on by the forthcoming inter-American radio and communications conference to be held in Rio de Janeiro on June 1, generally was expected to go ahead May 9, perhaps carrying the hearings over to a later date if necessary.

More important to the FCC than the Rio conference is impending expiration in 1946 of the North American Regional Broadcasting Agreement of 1937 (BW-Dec.25'37,p33). This agreement allocated wavelengths covering the North American continent, and thus brought

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out the elimination of so-called "out-
border stations (including the
85,000-watt Mexican station
ERA).
Below the Border—Mexican broad-
casters already have made known their
intention to construct a 1,000,000-watt
station to serve that country and con-
iguous Latin-American areas. FCC
wants to be in a position to make recom-
mendations to the State Dept. before
negotiations for a new treaty get under
way.

OPA'S OIL CASES

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Federal injunction suits filed against
oil companies last week marked the
first step in OPA's announced campaign
against ceiling price violations by pri-
mary suppliers.
OPA charges Standard Oil Co. of
Indiana with selling gasoline, fuel oils,
and other petroleum products at over-
ceiling prices. It also seeks an injunction
restraining the company from further
overcharges, and requiring it to stop
all sales of gasoline products after 30
days unless proper pricing records "as
required by OPA" are kept and made
available for inspection. Similar suits
were brought against Texas Co., Sinclair
Refining Co., Globe Oil & Refining Co.,
Inc., Hughes Oil Co., and Northwest
Refining Co.

Typically the bill of complaint against
Standard charges: (1) that since Feb.
19, 1944, the company has failed to
keep records showing the basis on
which it determined maximum prices
for petroleum products; (2) that since
Sept. 16, 1942, the company has been
selling petroleum products on which it
had obtained no maximum price ruling
from OPA; (3) that one purchaser was
overcharged \$11,750 for residual fuel oil
within the past year. For this, OPA asks
triple damages of \$35,250.

Standard Oil contends that it has
followed OPA regulations as closely as it
was able to determine their meaning,
and that the basis of the suit is essen-
tially over a difference of opinion
between the company and OPA on
methods of classifying customers and of
determining ceiling prices.

3¢ MAGAZINE FOLDS

Woman's World, the 3¢ monthly
magazine that last fall (BW-Oct. 14'44,
p90) made its appearance along with a
promise to give women readers every-
thing that a 15¢ publication could offer,
folded last month in a maze of publish-
ing troubles—revolving mainly around a
shortage of paper.

Its War Production Board quota al-
lowed only enough paper for 5,000 cop-
ies a month, hardly enough to carry



How Biltwell Brushes are Made

1. Wire is bent into proper shape
2. Goat hair is placed between wires, then twisted
3. Now the twisting is complete
4. Brush is trimmed to desired diameter

More than 3 million Biltwell Brushes are being made each year for just this one purpose . . . to clean the heads of electric shavers, like the Remington Rand shown in the illustration. The backbone of each of these brushes is Keystone Wire . . . another example of the versatility and adaptability of Keystone wire production.

At first thought, it may seem that almost any wire of the desired gauge would be suitable for this purpose. But the wire must be *pliable* to withstand twisting . . . *uniform* to decrease breakage . . . with proper *stiffness* to make a sturdy handle. Special Keystone Wire fully meets these requirements, as proven by the popularity of Biltwell Brushes.

Today, Keystone Wire is serving in thousands of fighting forms as parts of ships, planes, tanks, guns and ammunition—as well as essential civilian items.

*Biltwell Brush Company, Rockford, Illinois

KEYSTONE STEEL & WIRE CO.
Peoria 7, Illinois

Special Analysis Wire
for All Industrial
Uses



Coppered, Tinned,
Annealed,
Galvanized

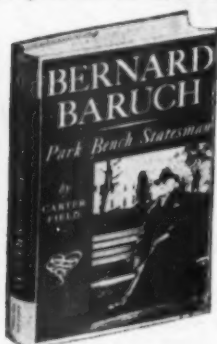
- successful financier
- adviser to 5 Presidents
- outstanding statesman

the life story of

BERNARD BARUCH

No man in America can surpass Bernard Baruch's record as adviser to five Presidents, and few men have numbered greater Wall Street successes.

Now is told the amazing story of one of the truly great men of our time. Friend and counselor to Wilson . . . adviser to Harding, Coolidge, Hoover, and Roosevelt . . . prophet who warned of war and vital materials' shortages. Now at last the curtain is lifted on the family, business and political life of the much-admired, much talked-of, and hitherto little-known . . . "mystery man of Washington!"



Wall Street Journal: . . . "the author quotes 16 rules which make up the Baruch formula for making millions in the stock market. This alone should make the book a success."

Liberty: . . . "for those with a taste for behind-the-scenes history it's full of nourishment."

The Saturday Review of Literature: "From the pages of this book emerges a person of quality and statesmanlike stature."

For 30 years CARTER FIELD has covered politics, personalities, and international matters in Washington. He believes that of all the prominent national figures he has come to know, Bernard Baruch has the finest brain, and, beyond that, the most unselfish eagerness to serve his country and mankind.

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Send me Field's **Bernard Baruch, Park Bench Statesman**, for 10 days' examination on approval. In 10 days, I will send \$3.00, plus few cents postage, or return book postpaid. (Postage paid on cash orders.)

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The Philadelphia Inquirer: "Mr. Field's book is more than a biography, it is a story of critical periods in the last 30 years of the Nation's history."

Harper's Magazine: "Profitable reading."

Just Published!

BERNARD BARUCH

Park Bench Statesman

By CARTER FIELD

Whittlesey House Publication

314 pages, 6 x 9, 12 photographs, \$3.00

Here, for the first time, is the complete story of Bernard Baruch—from his early financial successes to handling vital economic issues raised by the war. Here is the boy growing up in South Carolina and New York, the financier startling older and more experienced men with his uncanny investment ability, the statesman, devoted to Wilson and the Democratic Party, Chairman of the War Industries Board in the first World War, constructive adviser at Versailles—the prophet advocating, seven years before Pearl Harbor, the stockpiling of rubber and tin, the building of a bigger army and navy, and planning for industrial mobilization.

BUSINESS WEEK says: "When the history of the war is written the name of Bernard M. Baruch seems certain to appear prominently in several chapters . . . the greatest value of the book . . . lies in its revelation of the fundamentals that have guided his thoughts and actions, whether it be as a prophet of preparedness or in making millions."

Learn the sound principles guiding his successful action on the stock market—the precepts he followed in making economic investigations. See what Baruch has said on such major national and international issues as price fixing, stockpiling, the rubber shortage, and debt settlements.

any great weight with potential advertisers. Originally, the Independent Consumers & Dealers Institute, Inc. (formed by the magazine's financial backers), talked of a circulation of 60,000.

But the idea of a slick magazine, women which independent retailers could use to match those distributed chain stores (Women's Day, Family Circle, etc.) is not dead. Negotiations reportedly are under way between boosters of Woman's World and another publishing group for a deal that would result in abandonment of a current publication and transfer of its paper quota to a new magazine patterned after Woman's World.

The report that New York City Local 338, Retail, Wholesale & Chain Store Food Employees Union (C.I.O.) was financially interested in the magazine was vigorously denied by Ephraim Schwartzman, who is listed as secretary and treasurer of the institute and who is editor of the Local 338 News, the union's organ. Some in the trade suggested that the union had hoped to use Woman's World in molding public opinion among its readers.



LIGHT THAT LASTS

A technician at Wright Field examines the Army's new automatic airway beacon that burns six times as long as previous types without attention. Designed for such inaccessible spots as mountain peaks, this lamp operates a year on one bottle of gas and is turned on and off mechanically. It was developed jointly by the Army and engineers of the American Gas Accumulator Co., Elizabeth, N. J.

Nevins Expands

Control over the Sun Ray lets creates a formidable chain and marks new stage in evolution from "pineboards."

social-climbing of the depression-named "pineboard" drugstore chains to larger and more conventional business again in evidence. In December, the ice-slashing Sontag stores of California news by selling out to United Inc., for an estimated \$2,000,000 (Dec. 23 '44, p90). Now comes a comparable East Coast development, as Nevins Drug Co.'s acquisition of Ray Drug Co.'s 45 outlets.

Of Major League Size—Since Nevins already had 70 stores and a laboratory packaging its own "Kent" brand, the combination (while lacking the type of the Walgreen or Liggett chains) comes one of the largest outfits of its kind in the Middle Atlantic states. Under the deal, concluded early this month, Nevins got 51,200 of Sun Ray's 12,367 shares for \$1,300,000 cash.

The story goes back to the early 20's, when the three Sylk brothers of Philadelphia—Harry, Albert, and William—got an idea. Still in their teens, the Sylks pooled such capital as they had, chose a location near a busy intersection (but not so near that rent would be high), and set up a store to sell patent medicines and sundries.

Method of Operation—Essentially, their technique did not differ greatly from that of the West Coast "pineboard" operators of the 1930's, so-called because they made shelves out of packing case.

The Sylks' early success formula was that of operating a store for a year or so, then selling out at a profit. After doing this several times, they got, in 1929, a good location (6178 Ridge Ave., the Roxborough section) and really went to work. Not one of the Sylks was a pharmacist, so they stuck to patent medicines at sharply cut rates in the best "pineboard" tradition. Making more money, they branched out instead of selling out. By 1934, under the name H-S stores, they had 16 small outlets. Sylks and Sobles Unite—Meanwhile, in other neighborhoods, Morris Sobles and Bernard Weinberg had been having similar experiences. In 1934, they had eleven "Marbern Stores." To take advantage of mass buying, which fit their volume sales idea, the two outfits merged, under the name of Nevins Drug Co.

The Nevins stores are in Pennsylvania, New Jersey, Maryland, West Vir-



POST WAR TRACTOR-TRAILERS WILL BE

*Braked
Electrically*

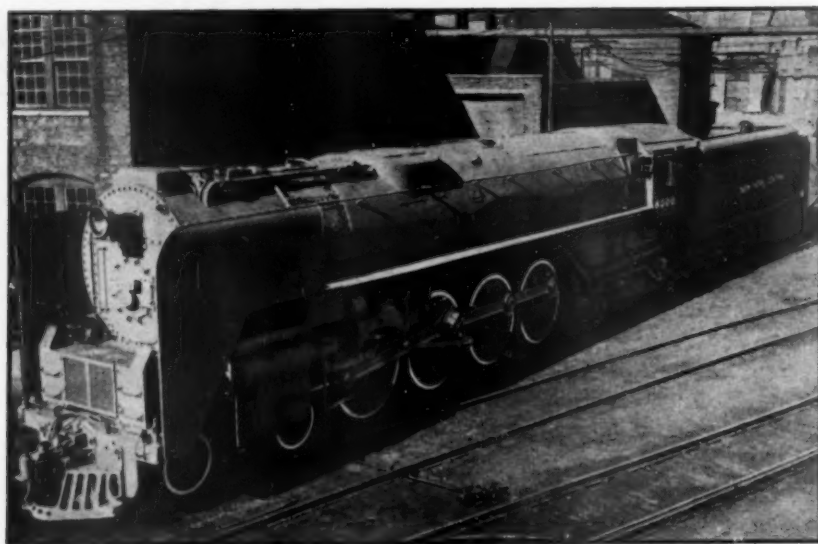
Picture your huge tractor-trailer outfits of the future roaring along through the night, with the going plenty tough due to bad weather and slippery roads. That's when there can be no compromise with safety — when drivers need the confidence that comes with complete control. And your drivers will have it — because when both tractor and trailer are equipped with Warner "Vari-Load" Electric Brakes, controls on the dash will permit pre-setting the correct braking power to fit both load and road conditions. With this absolute control, all brakes on tractor and trailer will "come in" at the same instant but with predetermined amounts of power. Thus the tendency to skid or jack-knife will be prevented — heavy tractor-trailer trains can be slowed down or stopped quickly and safely — to afford greater protection to drivers and loads, and to avoid costly lost time due to wrecked equipment.

It is significant that thousands of trailers now in use for essential transport work, and more thousands of trailing vehicles in the mechanized forces of Allied armies the world over, are equipped with Warner "Vari-Load" Electric Brakes. Their outstanding performance under the rigorous use and abuse of war conditions is not only conclusive proof of the dependability — fast, positive action — and more complete control afforded by Warner Electric Brakes, but is a tribute to their simplicity and trouble-proof design and construction.

WARNER ELECTRIC BRAKE MFG. CO., Beloit, Wis.



CONTROLLED SPLIT-SECOND STOPPING POWER FOR ANY PURPOSE



NEW YORK CENTRAL BUYS A BEHEMOTH

From the American Locomotive shops at Schenectady, N. Y., rolls the New York Central's newest and biggest locomotive, a 235-ton giant designed for handling both freight and passenger loads. Christened the "Niagara," the coal-fired power plant is rated at 6,000 hp. and has been turned over to engineering experts for exhaustive shakedown tests. If modifications are indicated, they will be incorporated into 24 other engines of the same general design on order by the road. The Niagara boasts a 151-in. firebox for higher combustion efficiency with various grades of bituminous coal, builds up 275 lb. of steam pressure for its 75-in. driving wheels, with pressure to go to 290 lb. when 79-in. wheels are installed. Other features: a deflector to lift smoke above the train, the extensive use of aluminum for cab, sandbox, running board, and related construction, and a tender with a capacity of 46 tons of coal, and 18,000 gal. of water—which it sucks up through seven pipes at 80-m.p.h. speeds.

ginia, and Connecticut. The newly acquired Sun Ray stores are in Pennsylvania, New Jersey, and Delaware, but in only five locations do they compete.

The Nevins group has had eyes on the Sun Ray chain for several years. Sun Ray, whose start somewhat paralleled Nevins, grew out of an all-night store at 1520 Market St., near the Pennsylvania Railroad's Broad St. Station. Jacob, William, and Joseph Raboff, partners, incorporated in 1936, selling half the stock to the Sontag drug-store family of California. William Raboff, while chairman of Sun Ray, served as president of Sontag, resigned last June. Sontag sold its Sun Ray holdings in 1940 at a net profit of \$211,633 after taxes. A block of Sontag stock bought by Sun Ray in 1942 was disposed of when Raboff left Sontag (BW—Dec. 23'44,p95.)

• **Deal Delayed by War**—On Dec. 7, 1941, William Sylk was in California to dicker with a minority stockholder for some Sun Ray stock sold the year before by the Sontag interests. When word of

the attack on Pearl Harbor was flashed, Sylk telephoned his partners and the deal was off. In 1944, with Nevins' sales volume \$7,500,000 and Sun Ray's \$11,500,000, the proposition looked better, and was wound up in six weeks.

The merger at present does not seem to mean the death of Sun Ray as such. Usually more elaborate in size than Nevins' outlets, the Sun Ray stores had 1,200 employees to Nevins' 700.

Of Nevins' 70 outlets, ten are "associate stores," owned by successful former managers who, with a little capital and loans from the company, set up affiliated stores as a voluntary chain. All push the Kent brand and purchase all other standard supplies through the company. Nevins does the advertising and promotion and acts as adviser.

• **Let the Customer See It**—There is little fooling around with soda fountains, although concessions have been let several times. But the space required didn't compensate for the loss of display needed for the Nevins merchandising idea—"Get it out where the customer

can see it," and do it in the smallest amount of space.

With the Sontags, Nevins and Sun Ray pushed the cut rate idea and brought in lower-priced grades of other items during the depression. Fair trade laws and minimum resale price fixing jolted them for a while, but by advertising and fixing up their stores (Nevins specializes in gaudy yellow fronts and Sun Ray in yellow, red, and black), they held on to their trade, making increased profits in recent years with more expensive sidelines.

MAGAZINES SOLD

A landmark in southwestern agricultural journalism, the Dallas company that publishes Farm and Ranch and Holland's Magazine recently was sold for \$425,000 to Carr P. Collins of Dallas, who then transferred the property to Brownlee O. Currey of Nashville.

Thus after more than 60 years, one of the most widely known agricultural publications among ranchmen and farmers of the Southwest passes out of the hands of Texas owners. Practically all the stock had been held by the family of the late Col. Frank P. Holland, founder of the publications.

Collins, president of the Fidelity Union Life Insurance Company of Dallas, said that a new corporation was being formed with Currey as its head. He said that the Holland properties, consisting of a three-story printing plant and publishing rights, were being dissolved to be taken over by its successor—Texas Farm and Ranch Publishing Co., Inc.

Currey is associated with the publishers of the Southern Agriculturist. Sale price of the assets of the dissolved company was not disclosed.

P. S.

The trend of department stores toward suburban outlets reappeared last week with the announcement by Lord & Taylor, New York specialty store, of its postwar plans for ten branch shops, all within a 500-mi. radius of New York City. . . . R. H. Macy & Co.'s Toledo store, Lasalle & Koch, has leased a downtown site in nearby Tiffin, Ohio, for a branch store that will open as soon as the war permits (BW—Feb. 3'45,p82). . . . An Australian advertising man, Frank Goldberg, has signed a priority contract form with Allen B. DuMont Laboratories, Inc., for Australia's first television transmitter, to be installed in Sydney when, as, and if. . . . An intensive postwar building campaign to include new buildings in New York and Hollywood and new studios in Chicago is planned by the Blue Network.

LABOR

Wage Cuts Denied

NWLB begins to shape its policy on pay rates of concerns converting to civilian production. Postwar problem is studied.

When war plants reconvert to peacetime production, what wage rates must they pay? Must they continue the higher wage scales paid while at work on war contracts, or may they return to their previous rates of civilian production days?

Executives who have been considering those questions were given an indication last week of the attitude the National War Labor Board will take when one company reconverting to civilian production found no NWLB objection to its continuing war contract wage scales, and two others were denied permission to reduce rates paid.

• Solution Foreseen—The three decisions were announced by the labor board shortly after William H. Davis—relinquishing his job as chairman of NWLB to become Economic Stabilization Director (page 21)—told the Senate Banking Committee that it is essential that Congress extend the life of the stabilization act which gives NWLB authority over wage decreases as well as increases.

Davis said NWLB had been giving a great deal of thought to maintaining stabilized wages in the postwar period and that the board is convinced the problem can be solved within the present framework of the present wage-control legislation.

• Few Exceptions Likely—The three decisions announced within a few hours of his statement indicated that, in general, policy already has been worked out on the wage reduction issue. Essentially it appears to be that where nature of the jobs involved and of the work done by the employer remains virtually unchanged, there can be no wage reductions. The only exceptions will be reductions granted to correct gross inequities or to aid in the effective prosecution of the war.

The Dunbar Furniture Mfg. Co., Berne, Ind., was informed by NWLB that it does not need board approval to continue paying present wage rates, although the company—formerly engaged in production of wooden airplane parts—now is producing furniture for the civilian market. The company re-

ported jobs remained essentially the same in war and reconversion work.

• Decrease Denied—On the other hand, Cuneo Press, Inc., Chicago, a printing and binding firm, was refused permission to reduce wages of 24 guards from a range of 75¢ to 90¢ an hour—paid while the company held an ordnance contract—to the 50¢-75¢ an hour paid prior to Cuneo acceptance of a war contract in 1942. NWLB found that the nature of the duties of the guards was substantially unchanged.

The policy was applied to a service establishment when NWLB similarly denied what would amount to a wage reduction to filling station employees of Anderson's Super Service, Montevideo, Minn. The company had asked permission to change from a weekly pay basis to hourly rates for employees hired in the future. Wages of present employees would not have been affected, but those of new employees would have been reduced substantially.

• Same Basic Problem—A fourth policy-setting case apparently is headed to

NWLB, involving the Richmond Radiator Co., an affiliate of the Reynolds Metals Co., which has the same basic problem: whether the plant, converting to production of bath tubs, may return to its competitive peacetime pay level or must continue to pay the wartime rate inaugurated when it converted its enamelware department to heat treating or armor plate. Approximately 700 employees will be affected, and a difference of materials is also involved.

The radiator company in 1942 converted to war production. Until that time it had used cast iron but no fabricated steel. The change in material resulted in an order from NWLB upping the company's 62½¢-an-hour rate to the common labor minimum for basic steel plants in the area, 78¢ an hour. Other wages were adjusted accordingly.

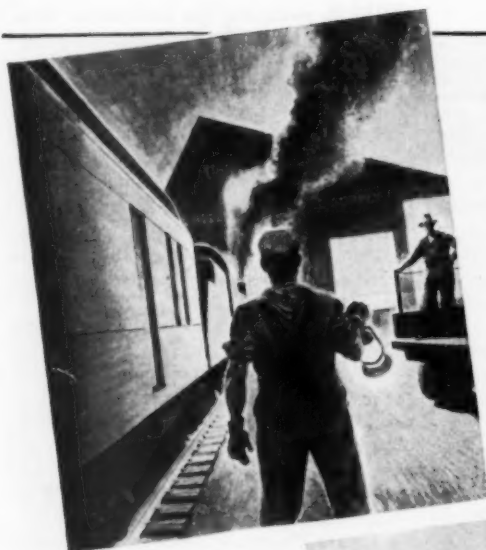
• Union Demands 78¢—In the present case, climax of a year's controversy, the company offers the NWLB's gray iron minimum of 72½¢ an hour instead of its peacetime wage scale, and the workers represented by the United Automobile Workers (C.I.O.) demand the wartime 78¢ an hour.

The Pittsburgh regional war labor board has the case under consideration.



MEN WITH HOPE AND AMBITION

At the Mexico City conference, the U. S. labor delegation—Julius Luhrsen (left) of the Railway Labor Executives Assn., George Meany, American Federation of Labor, and David McDonald, C.I.O. steelworkers—take a breather outside Chapultepec castle between committee sessions. Invited as advisers, their very presence signifies a new and ambitious role shaping up for organized labor: to spread its wings internationally, to sit in some capacity at the peace table when blueprints for a new world are drawn. Sections of the conference's now-famed economic charter for the Americas are tantamount to a pat on the back for organized labor for they specify that recognition of labor's right to organize and bargain collectively is a step toward better living standards.



Quick delivery to a war job.

A customer in Sausalito, California, phoned our St. Paul warehouse on October 30. Did we have 25,000 lbs. of 12" x 53 lb. CB sections 20'0" long? Could we rush delivery? We answered "yes" to both questions and went into action.

The material was cut, loaded, and on its way the same evening. Shipment was made in a special baggage car. We arranged routing and scheduling for hookup with several fast passenger trains. Material arrived at its destination, almost 1,800 miles away, on November 2nd, only three days after the telephone inquiry was received.

Special handling for the Navy

One Friday afternoon, our Chicago office received a phone order from the U. S. Navy. 1,787 pieces of Dardet Rivet Bolts were needed to repair a crane damaged by Jap bombs. Delivery? — Chicago airport, Monday morning!

The order, marked "Special," went to the warehouse at 5:00 P.M. We made up 18 boxes lined with waterproof paper, packed the bolts according to specified sizes, stenciled the boxes as required and strapped them with steel. This specially packed order was ready to be shipped out on Saturday afternoon.



IF IT'S SERVICE YOU WANT

Call us



UNITED STATES STEEL SUPPLY COMPANY

CHICAGO (90), ILL. • BRUnswick 2000
BALTIMORE (3), MD. • GILmore 3100
BOSTON (34), MASS. • STAdium 9400
CLEVELAND (14), O. • HEnderson 5750
MILWAUKEE (1), WIS. • MITchell 7500
NEWARK (1), N. J. • BIGelow 3-5920
REctor 2-6560 • BErgon 3-1614
PITTSBURGH (12), PA. • CEdar 7780
ST. LOUIS (3), MO. • MAIn 5235
"TWIN CITY" • St. Paul (4), Minn.
NEstor 2821

OUR warehouses today have large stocks and a good variety of steel available for quick shipment. When you need steel, phone, write or wire our nearest warehouse. We may be able to help you solve a production problem—avoid serious delay on a war job. Our stocks include NE Alloy Steels which have proved as good or better in many applications than steel ordinarily used. Your inquiries will receive careful attention and quick action.

UNITED STATES STEEL

Philadelphia Shift

WMC expands program of worker transfers to vital jobs as New Bedford's textile labor continues defiance.

While Congress continued to debate the need for teeth in any form of national labor draft, the War Manpower Commission this week expanded into another critical war center its program of transferral of workers from less essential to highly critical war plants.

• **Fixed Quota Abandoned**—Latest order for such a "war service program" was issued in Philadelphia and involved 10,921 workers in 1,254 less essential plants. Philadelphia's need is 25,000 workers, in shipyards, small arms plants, and high priority war industries.

The plan ordered into effect follows a pattern made familiar through use in Allentown, Pa., Newark, N. J., and New Bedford, Mass. Unlike these—which have fixed 10% reduction requirements—the manpower ceiling reductions for Philadelphia will vary in the different industries tapped for men, according to their actual plant needs and labor supply. Some will be asked to surrender 15% of their manpower; some less than 10%. First industries hit have been confectionery and chewing gum manufacturers. Others will be tapped for workers until a total of 48 industries in the less essential classification have been affected.

• **Details Worked Out**—Philadelphia's WMC emphasized that its program is no flash in the pan.

Preparations for it were under way prior to the launching of the Allentown Plan—generally considered to be the first of the WMC-sponsored programs (BW—Feb. 3 '45, p90)—but were delayed while conferences of labor, industry, Selective Service, WMC, and other federal agency representatives ironed out details. Hence WMC anticipates no trouble, stands ready to enforce its orders.

• **New Bedford Resists**—Elsewhere, however, WMC's bark was proving to be worse than its bite. In New Bedford WMC's tough attitude (BW—Mar. 10 '45, p103) still is failing to make a dent in textile workers' refusals to take jobs in Fisk and Firestone tire cord plants. The score this week was two acceptances out of 180 transfers attempted. Expected help from Paul V. McNutt, WMC director, did not materialize as McNutt compromised with New Bedford foes of WMC in a telegram delaying enforcement of transfer edicts and promising that if 250 skilled

workers (200 unskilled laborers are being imported from Jamaica, West Indies, to fill other needs) can be obtained for the two mills by any other means WMC will withdraw or suspend its transfer program there. A 7¢-an-hour shift premium approved by the National War Labor Board is expected to help fill needs at the Fisk plant.

Meanwhile, the workers ordered to transfer remained in their original jobs. If WMC orders their discharge, 12,000 textile workers—freed from a no-strike pledge by Emil Rieve, president of the Textile Workers Union of America (C.I.O.)—have threatened to strike in all New Bedford textile mills.

• **Insurance Staff Affected**—The largest—and least publicized—transfer program in effect, that in Newark, aimed at switching 16,000 workers, continues to have slow progress, with 600 persons reported placed in high priority jobs out of 1,000 cases handled. Verifications not yet received are expected to reduce noncompliance charges to a figure well under 600.

Newark's WMC is finding the going rougher as it turns its attention from industrial workers (such as those in jewelry and low-cost ornament plants) to white-collar employees in business offices. Protests started when the Pru-

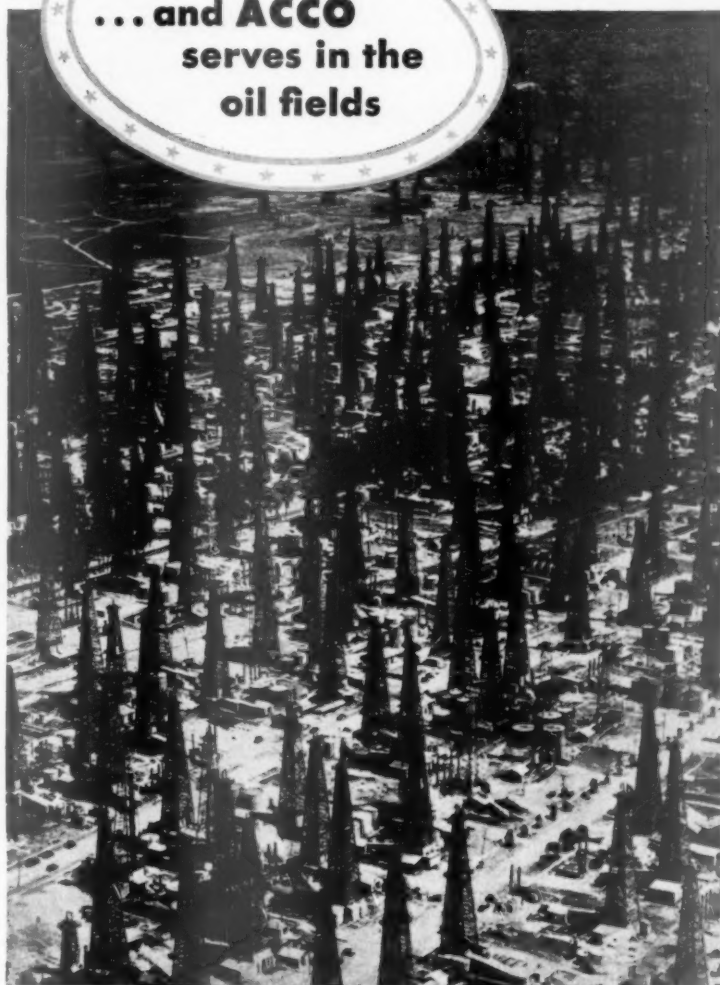
Last Word Delayed

The only point on which Montgomery Ward and the government have been in agreement since the Army seized the headquarters and various other properties of the mail-order company (BW-Jan. 6 '45, p. 16) to enforce a National War Labor Board award is that both want a speedy determination of the legal question involved.

The company is certain that a final decision will vindicate its position that the government acted illegally. The government isn't certain about anything so far as Ward is concerned, but is anxious for the relief which an end to the altercation—one way or the other—will bring.

The united front on quick action came to naught, however, for this week the U. S. Supreme Court turned down a joint petition asking the highest court to rule on the case before the decision of the U. S. District Court of Chicago has been reviewed by the Circuit Court of Appeals. No matter what the appeals court decides, the case will not be closed until the Supreme Court makes its judgment.

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THE LABOR ANGLE

Invasion

It's no secret that auto management finds the National War Labor Board grant of smoking privileges to General Motors' employees the most distasteful item in the board's award (BW-Mar.10'45,p105).

Although NWLB was very careful to provide special procedures—distinct from the grievance-handling machinery in the G.M. contract—for handling disputes that might develop over smoking, the industry sees in the board's adjudication of the issue an extension of the area of collective bargaining to work rules. It has always been the contention of employers that work rules are not negotiable, that making them the subject of bargaining would be a serious invasion of management prerogatives.

Industry representatives, of course, dissented from the labor-public NWLB majority on smoking.

Loophole

The staff of the National Labor Relations Board is taking it for granted that the imminent Packard decision on whether a foreman's union shall be given collective bargaining privileges will wash out the doctrine set down in the celebrated Maryland Drydock case and extend full Wagner act privileges to foremen. Under present board policies, foremen are protected in their right to organize but can't get their unions certified as collective bargaining agents. The only matter still in doubt is whether NLRB's Packard ruling will make foreman-union certification contingent on the union's remaining unaffiliated with the organization to which employees in the plant belong.

The point left in doubt is of considerable importance to management, but according to NLRB personnel, it has even greater significance in terms of administering the Wagner act. NLRB field examiners say that the toughest cases they've had are those in which proof must be secured to show whether an independent union is or is not company-dominated. A company-union connection can be obscured, disguised, and concealed in any number of ways.

Because foremen are closer to management, company domination of their organizations will be much

more difficult to ferret out and prove. These NLRB people think that if foreman unions have to remain out of the A.F.L. and C.I.O., the problem of keeping them free of company influence will be insuperable.

Bogeyman

John L. Lewis is giving his full attention to the coal contract negotiations, but the fact that he is still the most important personality on the broad labor scene explains events which appear to be remote from his immediate ken.

It is fear of Lewis which keeps ineffective the C.I.O. protests over the National War Labor Board's report to the President recommending retention of the Little Steel formula (BW-Mar.3'45,p15). Action by its units in textiles and automotive-aircraft had set the stage for C.I.O.'s withdrawal from NWLB when the board released its Little Steel report. But at the last moment, C.I.O. President Philip Murray got cold feet. He was afraid that the confusion which would result from torpedoing the tripartite board setup would give Lewis an opening for breezing right through with his demands on the coal industry.

It is also fear of Lewis which is responsible for the decision of the United Automobile Workers' executive board to take no reprisals against local officials in the Dodge and Briggs unions whose strike of last week lost more man-hours in Detroit than in any similar period since the war began. The Dodge and Briggs organizations—out of tune with the parent union's stand on no strikes in wartime—could be thrown into Lewis' lap by too much discipline.

Isolated

Disturbed by its increasing isolation in international labor affairs, the A.F.L. is considering plans for active entry into the Latin-American union arena. To make any headway at all south of the border, the A.F.L. must begin by fighting Lombardo Toledano, Mexican union boss and most prominent of the Latin labor figures. Toledano steers a course paralleling the Russian unions and keeps on intimate terms with the C.I.O.

dential Insurance Co. of America was asked to release 890 employees, and other insurance companies were called on for lists of potential transferees numbering up to 500 persons each. These large reductions would be possible through lengthening of the 42-hour week now generally observed in Newark offices.

• **Bank Aides Tapped**—The insurance company staff reduction order was followed by another designed to tap more than 100 northern New Jersey banks for 10% of their personnel. Particularly needed from the banks, WMC announced, are senior tellers, secretaries, clerks, watchmen, and guards.

A delay in making the order effective was ordered after a bankers' association protested against a less essential classification and claimed the banks already are undermanned and cannot easily fill vacancies because of high degrees of responsibility and training required.

Newark WMC indicated transfers are being made for purposes other than to fill war plant jobs. Eighty of the insurance company workers sought are for the U.S. Office of Dependency Benefits which handles allotments and allowances to dependents of military personnel.

Pay Springboard

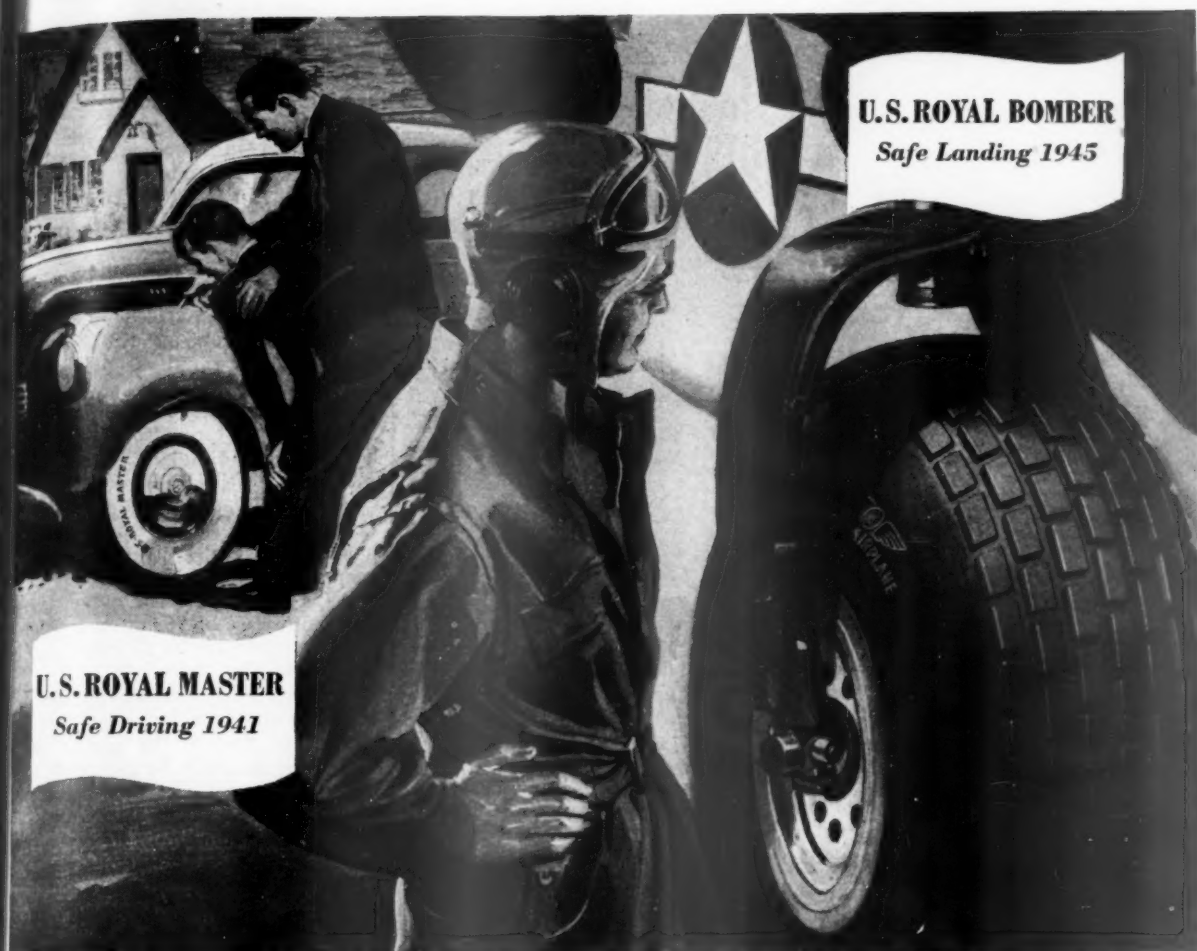
NWLB orders wiping out regional differential in war plane plant, and textile wage directive, may affect other industries.

Industrialists who moved plants into the South in order to take advantage of lower wage scales view with misgivings a National War Labor Board order allowing Fisher-Memphis (Tenn.) Aircraft Division employees an increase in wages—in some instances as much as 26¢ an hour—to bring Memphis aircraft wage rates in line with rates paid elsewhere in the aircraft industry.

• **Affects 94 Classifications**—The NWLB order approved wage-rate agreements for 94 specific job classifications, agreed upon by General Motors Corp.'s Memphis division and the United Automobile Workers (C.I.O.) in negotiations set in motion in April, 1944, by the national board.

At that time NWLB turned down company contentions that wages in line with rates for comparable jobs in other industries in the area should be maintained; instead it ordered increases to bring the plant wage structure up to rates previously approved by NWLB for the southern California aircraft indus-

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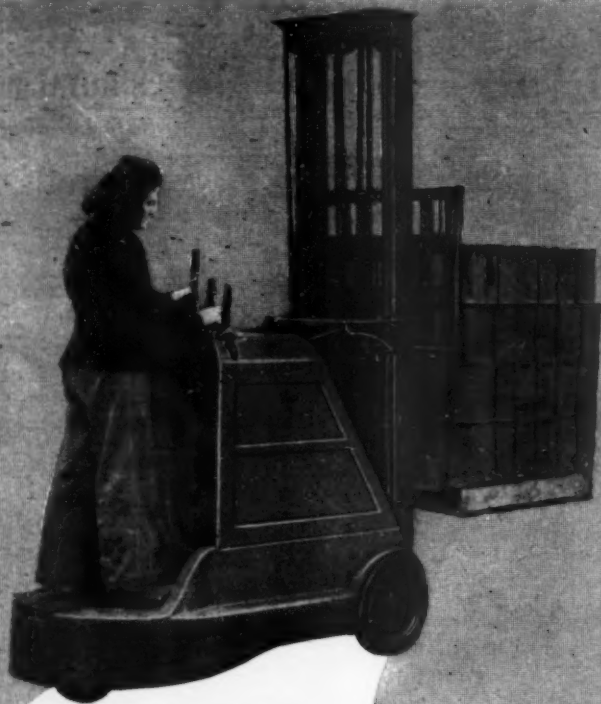
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try and subsequently applied to mid-continental aircraft plants.

• **Highest Skills Not Affected**—In January, 1945, NWLB limited the total wage increase to \$438.61 an hour, with the manner in which this would be divided left to collective bargaining. The result is a schedule of rates which ranges from 75¢ an hour for janitors and sweepers to \$1.55 for the highest grade jig inspectors.

For the most part no increase is made in rates of highest skilled workers, but considerable gains are authorized for less skilled classifications. All pay increases are retroactive to July 28, 1942, and cover some 5,000 present or former employees. An estimated \$3,000,000 in back pay is involved.

• **Follows Textile Ruling**—Southern industrialists' interest in the final disposition of the Fisher-Memphis case is heightened by the coincidence of its timing—two weeks after an order from NWLB making its new cotton textile minimum wage of 55¢ an hour permissive as a minimum for all industry (BW—Mar. 3'45, p7).

The two orders give tacit approval for a double attack on low wage rates still existing in some of the South's industry: (1) by demands for pay parity with other segments of the same industry in other areas, and (2) by pressure on employers for elimination of substandards by wage increases to the 55¢ now recognized by NWLB as a wage minimum.

SHIPYARD PENALIZED

Improper hiring of shipyard workers over a period of one year has cost the Mercantile Ship Repairing Co. of Brooklyn, N. Y., 367 employees under the War Manpower Commission's first large-scale use of sanctions power to enforce an order that shipyard production and maintenance workers may be hired only through the U. S. Employment Service.

Workers involved were hired by the company without referral by USES through a manpower pool which allots workers on a priority basis—to shipyards. Some had left essential jobs without releases to take advantage of better pay in the lower-priority Mercantile yard.

No penalty other than the requirement that it dismiss all workers improperly hired was imposed on the company. A ten-day period was set for the releases, to reduce as much as possible delays in the firm's war work. Assurance also was given that the shipyard could apply through regular WMC channels for priorities to obtain any replacements vital in meeting war schedules.

Workers dismissed were ordered to report to a USES office to be placed in

the manpower pool, for referral to high-priority jobs in shipyards. More than 200 had reported to USES by the week end, and there was general acceptance of USES referrals.

Mercantile regularly employs 1,100 to 1,500 men.

VETERAN PLAN

Wagner Electric Corp. of St. Louis has voluntarily instituted a seniority and wage upgrading program for war veterans. Because the company's contract with C.I.O.'s United Electrical, Radio, and Machine Workers Union has no veteran's clause—contrary to reports (BW—Feb. 17 '45, p. 108)—the company is beyond the sphere of National War Labor Board influence on veteran policy. Inspired, however, by NWLB thinking, Wagner has put into effect a seniority and wage upgrading program to cover its 1,500 servicemen.

Company officials started devising a new plan of compensation for veterans last November when NWLB's general counsel, Jesse Friedin, expressed an opinion that absent servicemen were entitled to progressive seniority advancement and should receive the benefit of any possible reclassification on their return. Local union officials also began thinking and talking about the matter. When Friedin's opinion was sanctified by being written into NWLB's recent decision in the Marmon-Harrington case, Wagner went ahead to put its own plan into effect.

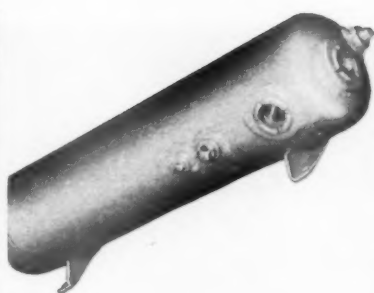
Wagner has no automatic wage progression scale, but under its plan, veterans are adjusted to the seniority and wage status they would have reached under progression wage schedules if employment had not been interrupted. The new program is being applied, with retroactive benefits to the date of re-employment, to all servicemen who have already returned.

KAISER STRIKE SETTLED

A wildcat strike of 500 coal miners at the Utah Fuel Co. and Kaiser Co. mines at Sunnyside, Carbon County, Utah, which threatened to close Henry J. Kaiser's steel plant at Fontana, Calif., was called off this week without materially affecting steel output.

Kaiser's captive coal mine in Carbon County provides the coal for the Fontana (Calif.) steel operation. The mines also furnish approximately 23% of the coking fuel used at the Geneva (Utah) steel plant. Iron for the Fontana plant is mined in southern Utah.

The miners struck when the company refused to rent company-owned houses for use in connection with union-owned hospitalization plans.



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Donnelley Loses

After 38 years, unions get another foothold in big Chicago printing plant as NLRB orders collective bargaining.

After battering at the doors of the Lakeside Press for 38 years, union printing craftsmen this week had wedged their way back into this large Chicago plant of R. R. Donnelley & Sons Co.

Bowing to the National Labor Relations Board, the company is now bargaining with four unions representing nearly 2,000 of its 5,100 employees. Contract grievance procedures for union workers are being prepared, and grievance machinery for all employees has been approved by the National War Labor Board.

• **Unions Ousted**—The Donnelley plant—for years a rugged bastion against unions—is one of the few large nonunion printers in the United States. The story of the Donnelley-union feud is a classic of organized labor vs. militantly open shop management.

Before Thomas E. Donnelley, son of the founder and now chairman of the board, became president in 1899, unions had been recognized in the company. In 1903, the new president opened a drive which by 1907 had ousted the last five union units: feeders and assistants, bookbinders, typographers, photoengravers, and pressmen.

• **Refused to Sign**—These were stormy times. Donnelley after 1906 opposed the printers' eight-hour-day movement. The company refused to sign new contracts and proclaimed an open shop. Unions charged a lock-out. The employer obtained injunctions against union interference. Union members were arrested. Troubles subsided gradually, but bad feeling simmered through the years.

After eliminating the unions, Donnelley established an apprentice school from which it drew craftsmen as needed. A system of company benefits was developed to offset union benefits.

• **Sniping Campaign**—In 1938, 15 union units formed the Organization Committee of the Chicago Printing Trades Unions to renew the fight on Donnelley. Then followed a period of sniping at Donnelley's large customers.

Union members, for example, harassed Time magazine by sending in the magazine's airmail subscription blanks (inserted in each copy) at 6¢ each. Instead of collecting on subscriptions, Time got hundreds of gibes about "scab" printing.

• **I.T.U. Gets Busy**—The campaign brought the Donnelley fight back into the open, and the International Typo-

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graphical Union in its 1941 convention voted to do a job on this antiunion stronghold. Early in 1942 the union campaign began to roll.

Silent partner in the big push was the war. More than 1,300 Donnelley men have gone into uniform. Short of manpower, even before the war, Donnelley has had to farm out portions of its work

to other printers, and chiefly to union shops.

Union shop printers complained that Donnelley farm-out jobs were increasing because Donnelley refused to hire union men to replace nonunion employees who entered the armed forces. Union printers protested to their employers that they were cutting their own throats by con-

tinuing to handle Donnelley work while other customers who were not antiunion had to wait for service.

• **Freeze on Donnelley**—In mid-November, 1942, the union organization committee decided to play its ace. It invoked the "struck-work clause" in union shop contracts, permitting union printers to refuse to handle work shifted to them.

NEW FACE, OLD POLICIES IN NWLB'S TOP SPOT

The succession of George William Taylor to the chairmanship of the National War Labor Board upon William H. Davis' promotion to the top spot in the Office of Economic Stabilization will not alter in the least the board's philosophy or methods. Taylor, who served as vice-chairman under Davis, was picked by Davis in order to guarantee the continuance of Davis' policies and assure the new head of OES of a congenial NWLB.

• **Diverse Backgrounds**—Davis is a successful patent lawyer with a yen for public service which he gratified by developing his natural talents for labor mediation. Taylor is an associate professor of economics, on leave from the University of Pennsylvania, who was led into the government through his work as arbitrator in the hosiery, clothing, and automobile industries.

Although the two men usually arrive at the same conclusion, their approach to labor problems is different. A mediator's job is to bring disputants into agreement; an arbitrator sits as judge, deciding contested points.

Beyond this, the most important practical difference between Taylor and Davis may resolve itself down to the fact that Taylor is tired of Washington—he has tried to resign several times—that he has neither the will nor the means to dabble around after the war trying to promote some scheme for federal intervention in postwar labor disputes. Taylor will be delighted when the board's work is done and he can get back to Philadelphia.

• **Reviled by C.I.O.**—In 1941, Taylor was highly acceptable to the C.I.O. and was chosen as impartial umpire under the contract between General Motors and the United Auto Workers Union. It is doubtful whether he will ever again get such a token of confidence from that organization. At the last C.I.O. convention, he was reviled as the author of the hated Little Steel formula.

Forty-four years old, genial, mem-

ber of various learned societies but thoroughly unpedantic, Taylor is a familiar figure at American Management Assn. meetings and at other industry conclaves. Although his special field is wages and those aspects of the employer-employee relationship which can be reduced to dollars and cents, his interest in labor relations has an essentially human focus. It is perhaps best expressed in a story he is fond of telling to management audiences.

• **The Story**—It seems that while Taylor was arbitrator in the hosiery industry a particularly bitter strike occurred. A settlement was arranged under which the company agreed to re-employ all strikers except those guilty of acts of violence. Taylor, as arbitrator, was called on to determine just who the violent strikers were.

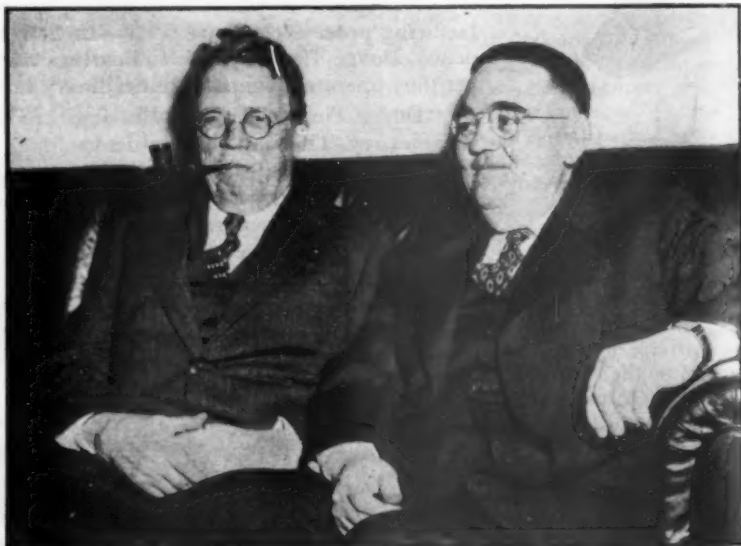
In the course of those investigations, Taylor interrogated one employee whom he describes as of the familiar Caspar Milquetoast type—a little man, shy to the point of self-effacement. Taylor was amazed to find that the file before him held

incontrovertible evidence that this gentle soul had heaved a paving brick through the plate glass office window of the struck plant. Almost unbelieving, Taylor asked him how he had ever brought himself to such a piece of daring.

"Well," the little man replied in effect "you see I've been working for this company for 22 years and the day I came to work here something happened that I never forgot. I was standing by my machine that first day and the superintendent came along. I turned around, waited a moment until he was right at my side, then I said, 'Good morning.'"

"He was very nasty. 'Look,' he said to me, 'We don't waste time talking around here. You're paid to work,' and then he walked away. Well, that was just my way of trying to be pleasant and agreeable starting in at a new job. But I've never forgotten that day and this strike was the first chance I had to get even."

• **The Moral**—Taylor's moral to management is: Don't forget that workers are human beings.



NWLB chairmen: new, George Taylor (right); old, William Davis



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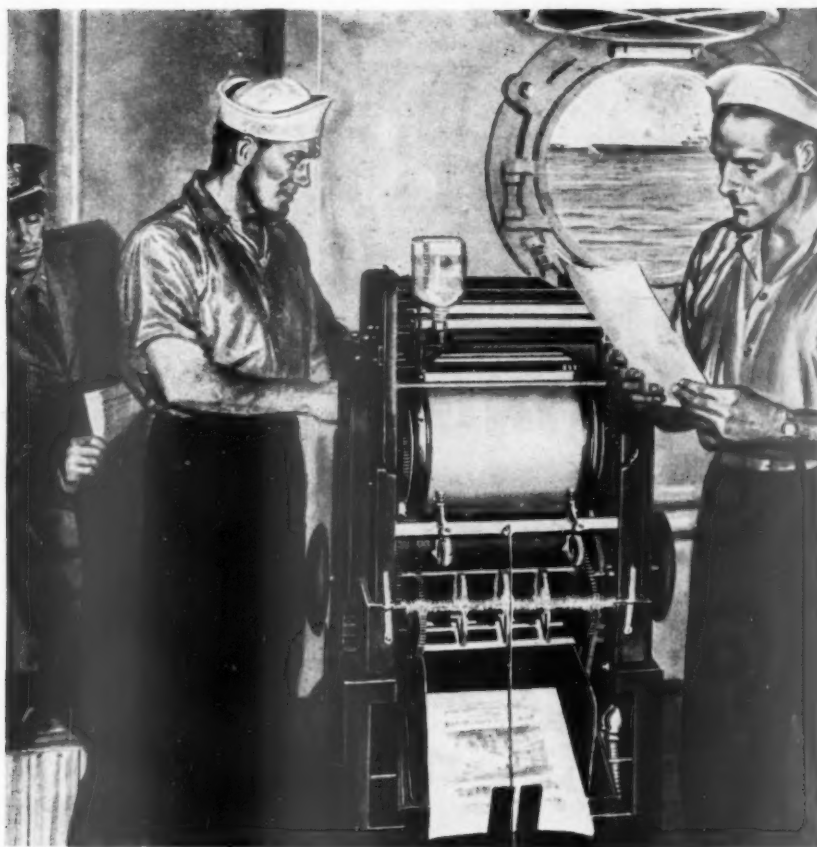


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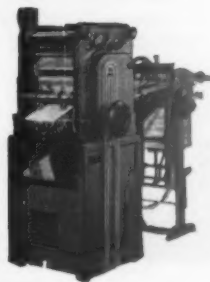
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BELIEVING that progressive plant executives and engineers will welcome detailed information pointing up the reasons for industry's growing preference for Buell's advanced design in high-efficiency dust collecting systems, Buell will inaugurate a series of six explanatory advertisements descriptive of the engineering factors largely responsible for Buell's constantly increasing installations.

Look for these enlightening dust recovery messages in leading industrial and engineering publications. They will technically detail the advantages of the six outstanding Buell features briefed below.

1. The "Shave-Off" . . . The patented van Tongeren principle, exclusive with Buell. Utilizes the "double eddy" current, establishing a highly efficient collection force.

2. Large Diameters . . . Permit use of extra thick metal. Afford large dust outlets, prevent clogging. Reduce abrasion.

3. Extra-Sturdy Construction . . . Rolled and welded, one piece construction; hoppers braced with 3" channels to withstand vibration.

4. Correct Hopper Design . . . Plays a most important, often disregarded, part in dust collection efficiency. Dust disposal facility must be anticipated in the initial overall design.

5. Split-Duct Manifolding . . . A prime factor in efficient distribution of the dust load. Buell's manifolding method has flexibility, discharging gases from any side or end.

6. Inner Welds Ground Smooth . . . Proper finishing of inner welds effects operating efficiency, reduces erosion, ensures longer life.



The interesting Buell book — "*The van Tongeren System of Industrial Dust Recovery*" — has been especially prepared for operating executives and engineers.

BUELL ENGINEERING COMPANY, INC.
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DESIGNED TO DO A JOB, NOT JUST TO MEET A "SPEC"

plant from other plants declared "unfair."

The struck-work clause froze Donnelley jobs in a score of other Chicago shops, notably the large Cunco Press. (Cunco had invited the unions in long before the war.) Union refusal to work on Donnelley jobs spread to Cunco's Philadelphia plant, to Detroit, and was about to hit other cities. Time and Life publishing schedules were delayed. The midwinter Montgomery Ward & Co. catalog was held up. A Reader's Digest printing delay was imminent when on Dec. 18, 1942, NWLB averted a threatened "substantial interference with the war effort" by taking jurisdiction over the dispute.

• **NLRB Elections**—The unions resumed Donnelley work pending a decision. Union recruiting continued through nearly two years of NWLB-NLRB investigations.

Last November, five unions held NLRB collective bargaining elections. Four unions won by 677 to 569 valid ballots—pressmen, machinists, photo-engravers, and lithographers. The mailers' union lost. Both company and union charged election irregularities and their dispute is now before the NLRB.

• **Ordered to Negotiate**—Since the election, the Donnelley cause has taken a series of labor blows:

(1) The company's protest that pressmen's and lithographers' votes were unfair because many employees are in the armed forces brought the NWLB order Jan. 26 to negotiate and set up grievance procedure.

(2) The Illinois Supreme Court in January dismissed Montgomery Ward's appeal for review of its suit for damages against the Chicago organization committee and thus upheld the union right to invoke the struck-work clause.

(3) On Feb. 17, the NLRB found the Donnelley company guilty of coercion and ordered it to desist. Donnelley lawyers are preparing an appeal to Washington.

Union organization continues in unorganized Donnelley departments and in other Chicago nonunion shops, notably the big W. F. Hall Printing Co. So far the campaign is quiet.

IN EITHER TONGUE, IT'S NO

Employees of China Aircraft Corp. said "no" in two languages to the proposition that they be represented in collective bargaining by Lodge 1327 of the A.F.L. International Assn. of Machinists (BW-Mar. 3'45, p105).

National Labor Relations Board's tabulation of ballots after the election in the San Francisco subassembly plant showed: yes, 125; no, 190. Ballots were printed in English and Chinese.

TO COMPANY PRESIDENTS:-----



Here's Another
BIG CHANCE FOR YOU
to "Pass the Ammunition!"

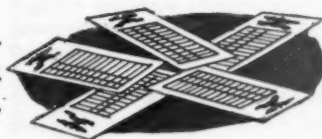
Today—thanks largely to you and other industrial executives—22,000,000 civilian workers are speeding victory and achieving postwar security through the Payroll Savings Plan. Over 60% of the 6th War Loan subscriptions came from this source—and, between drives, this forward-looking plan has been responsible for 3 out of 4 War Bond sales!

Good as this record is, the Payroll Savings Plan can be still more effective. Believing this can best be accomplished by giving Bond buyers a definite idea of the many benefits accruing to them, the War Finance Division has prepared a variety of active aids for employee education.

This new "ammunition" includes:

- a—An entertaining, swift-paced moving picture, graphically showing the importance of buying—and holding—War Bonds.
- b—An interesting, easy-to-read booklet, explaining how War Bonds may be accumulated to provide education for children, homes, retirement incomes, etc.
- c—Attractive, handy War Bond envelopes, enabling Bond holders to note each separate purchase—and the specific purpose for which each Bond or group of Bonds was bought.

Passing this particular ammunition requires that you reappraise your own company's Payroll Savings Plan. Have your own War Bond Chairman contact the local War Finance Committee—today! They will welcome the chance to discuss this new program with you.



The Treasury Department acknowledges with appreciation the publication of this message by

BUSINESS WEEK

clues: Turning the "Searchlight" on Opportunities

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sales-Latin America-west coast

• **ENGINEER (CONSTRUCTION)** prewar sales experience will act as manufacturer's agent. Broad contacts in Latin America and West Coast. Box 437.

new product-aviation

• **AVIATION GROUND Trainer**, exceptionally realistic flight simulation (only trainer reflecting gravity, acceleration, centrifugal forces); outperforms, undersells best contemporary. Unexcelled educational, amusement features. Mass production design for mass market. Ideal reconversion project. Sponsor sought with \$25,000. Peter N. Peters, 3569 Broadway, New York.

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• **MANUAL OPERATIONS Mechanized**, combined into single, continuous, fully automatic manufacturing cycle. Automatic machines designed, perfected. Mechanical problems (design, production) solicited on contingent basis. Peter N. Peters, 3569 Broadway, New York.

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AIRCRAFT INSTRUMENTS
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TESTED WITH
MERIAM MANOMETERS**

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**Speed Sweep
WITH A BACK OF STEEL**



**Makes Light Work
Out of Tough Sweeping Jobs**

Steel back of Speed Sweep brushes is the basis of unique construction for faster, easier, better sweeping. Block is $\frac{1}{2}$ usual size—easier to handle. Tufts of longer, better fibres are more compact—provide "spring and snap" action. Handle instantly adjustable to height of sweeper—reduces fatigue and strain. Speed Sweep brushes are built to outlast ordinary brushes 3 to 1.

FULLY GUARANTEED

Since Pearl Harbor Speed Sweep brushes have proved their superiority in many thousands of factories under varied conditions. They are unconditionally guaranteed to meet your requirements. Prompt shipment on AA-5 or higher priority rating. Write for styles, sizes, and prices today.

Milwaukee Dustless
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334 N. 22nd St., Milwaukee 3, Wis.

Movie-Struck

**Hollywood walkout over
union jurisdiction ties up studios
and halts the production of films
worth millions of dollars.**

Hollywood's long-bubbling pot of union labor strife (BW—Feb. 24 '45, p112) finally boiled over this week into a major industry-wide motion picture strike.

Jurisdiction over 72 set decorators was the issue which pulled one-third of the industry's 30,000 workers off the job and crippled production on films representing millions of dollars in investment.

• **Want Award Enforced**—The strike was called by the Conference of Studio Unions, a council of nine local unions which hold studio contracts, to enforce an interim award recognizing one of its locals as bargaining agency for the set decorators.

Studios, confronted by threat of another strike that could reach into virtu-

ally every motion picture theater in the country if they recognized the C.S.U. had appealed to the National Labor Relations Board from the award made by an arbitrator for the National War Labor Board.

Impatient at the delay (the union have been wrangling for a year and half), the C.S.U. marshaled its forces and its sympathizers and called the long-threatened strike.

• **Jurisdiction Challenged**—All unions involved are affiliated with the American Federation of Labor. Holding the big whip over the industry is the International Alliance of Theatrical Stage Employees, the outfit once controlled by Willie Bioff and Gene Browne, who went to prison for extortion.

This union has about 10,000 members in the movie capital employed under rigid closed-shop agreements. It also controls all but an insignificant number of projectionists in theaters throughout the country.

I.A.T.S.E.'s claimed jurisdiction on set decorators is challenged by Screen Set Designers, Illustrators & Decorators Local 1421 of the A.F.L. Painters



HOOK LEADS THE CONTRACT PARADE

In signing his firm's first contract with the C.I.O.'s steelworkers, Charles R. Hook, Jr. (left), secretary of Baltimore's Rustless Iron & Steel Corp., and scion of the famous steel family, leads the parade of steelmakers who will make new labor agreements in 1945. Signing for the union is Albert Atallah—former laborer from Aliquippa, Pa. Young Hook, who sits as alternate employer representative on the National War Labor Board, is being groomed for corporate leadership by specializing in labor relations. Besides granting standard contract provisions, the firm voluntarily has asked federal permission to pay the retroactive night-shift bonus and vacation benefits that were recently approved by the NWLB for employees of 86 other steel concerns (BW—Dec. 30 '44, p112).



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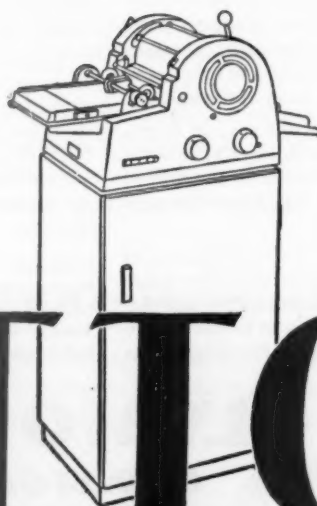
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Plymouth-lubricated fiber being blended and prepared for ropemaking.

FORMULA FOR SHIPS THAT PLAY SNAP-THE-WHIP

David Dietz, Science Editor of Scripps-Howard, explains how engineers blend strength and safety into modern-day rope.



Far out on the heaving Atlantic a disabled merchantman surges at the end of a vibrating towrope. Five million dollars' worth of ship and cargo, and the lives of her crew, hang in the balance.

Day after day—on the sea, on farms, in industry—Plymouth rope safeguards life and property—thanks to the skill of engineers who blend tiny fibers into rope of amazing strength.

From Plymouth's vast warehouse of carefully graded fiber, experts select bales with the proper characteristics and determine the proportions in which they're to be blended. This is the first step, taken

at Plymouth—world's largest ropemaker—to make strong, durable rope. Then, on a series of machines, these various fibers are combed and re-combed, until thoroughly mixed.

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ROPE YOU CAN TRUST

Union, which is allied with the Conference of Studio Unions.

• **Appeal Hearing Held**—Local 147 called a strike of its 750 members last fall (BW—Oct. 14 '44, p. 106) to prod government authorities into action on the jurisdictional conflict. Oddly the dispute was certified to the war labor board because of its supposed interference with the war effort, instead of to the labor relations board, which customarily deals with representation questions.

When NWLB's arbitrator last month awarded interim jurisdiction to the C.S.U. affiliate pending possible final adjudication by NLRB, both the producers and the I.A.T.S.E. appealed to NLRB. A hearing on this appeal was in progress when the strike was called this week.

• **Some Studios Closed**—Work was halted immediately at Twentieth Century-Fox and Warner Bros., two of the big producing companies, and was slowed at M-G-M, Paramount, R.K.O., Columbia, Universal, Republic, and Goldwyn.

WEIRTON HEARING SET

An old melodrama of the labor front will open for a new run in Pittsburgh Mar. 19, with the Weirton Steel Co. in the familiar role of defendant, the National Labor Relations Board as the accuser, and the United Steelworkers of America (C.I.O.) on the sidelines.

Drayton Heard will act as special master in NLRB's petition to the Third Circuit Court of Appeals to hold the company in contempt of court. NLRB charges that Weirton, by dealing with the Weirton Independent Union, Inc., has violated an order of June 27, 1941, directing the company to cease discouraging membership in the C.I.O. union and to disestablish two allegedly company-dominated unions.

Weirton ceased to recognize the old Weirton Steel Employees Security League and the Weirton Steel Employees Representation Plan at the board's direction. It signed its first contract with the Weirton Independent Union on July 8, 1941.

Like the original Weirton-NLRB case, which dragged on from August, 1937, to January, 1939, the current hearing is expected to have a long run. Heard estimates eight months.

The C.I.O. has tried since 1936 to organize Weirton's 10,000 employees. When the campaign was intensified last winter, disturbances occurred. Thirty C.I.O. men were indicted. In recent trials, two were acquitted of felonious assault, 15 others were convicted of unlawful assembly, and their appeal for a new trial was denied.

THE WAR AND BUSINESS ABROAD

BUSINESS WEEK
MARCH 17, 1945



Though no overnight collapse of Nazi resistance is anticipated, it is clear—with the double breakthrough at Rhine and Oder—that the battle for Germany has entered its last phase.

Fanatical Nazis are expected by Allied military chiefs to fight desperately in the next few weeks to stem the two-way drives which will engulf both the Ruhr and Berlin (page 15).

Nevertheless, there is now complete confidence in both East and West that the Allies can overwhelm any force Hitler is able to muster for his last-ditch stand.

In the excitement of the war headlines, you may have overlooked the full significance of the creation by James F. Byrnes, Director of War Mobilization & Reconversion, of an "interagency committee to coordinate foreign shipments" (page 113).

Actually, this group—to be headed by Leo T. Crowley of the Foreign Economic Administration—is going to control this country's entire foreign trade for at least as long as the war with Japan lasts.

Two factors are behind the creation of the powerful new agency:

(1) With the arrival of V-E Day, military production will be cut back—probably 35% (BW—Mar. 10'45, p9). This means gradual resumption of the output of civilian goods.

However, demand, both at home and abroad, will far outstrip supply for a long time. Therefore, it will be necessary to allocate supply if it is to be reasonably distributed and if present inflation controls are to be maintained.

(2) Washington, moreover, has made certain supply commitments abroad during the war.

Liberated Allied countries like France and Belgium want masses of rehabilitation supplies. So do Russia and, to a smaller extent, Britain.

But Latin-American neighbors have also been promised a continuing flow of certain industrialization and railroad equipment, and old customers in such neutral countries as Sweden and Switzerland are already besieging manufacturers for postwar replacements.

Whatever goods, therefore, can be spared by the domestic market must be diplomatically allocated among certain foreign customers. This is the touchy task assigned to the new committee.

Don't be surprised if its powers continue well beyond the end of the war with Japan.

Also, you can look for official action aimed at the adjustment of import prices.

Alarmed at the problems created by the first deliveries of Italian wine and French brandy, the Office of Price Administration is making a survey to determine new ceiling prices which, OPA already implies, will be lower than the March, 1942, price now permitted.

While an advisory committee on import prices is hastily being formed and is expected to be in action within a month, the National Assn. of Alcoholic Beverage Importers has already protested that OPA's announced plans for a liquor price rollback are:

(1) Discriminatory, because there has been no similar action—or

THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK

MARCH 17, 1945

warning of action to come—on such other imported favorites as perfume, lace, Roquefort cheese, and chinaware.

(2) Premature, because there has as yet been no concerted effort at high policy levels which would include the State Dept., FEA, and U. S. Commercial Co. to consider the broad economic problems involved in the resumption of normal import trade.

OPA is now waiting anxiously to see if the newly created interagency committee will extend its control over imports as well as exports.

Military developments in the Far East are only a little less spectacular than in Europe.

The 300 Superfortresses that bombed Nippon's biggest cities this week—Tokyo, Nagoya, Osaka—carried between seven and eight tons of bombs per plane on a mission which must have covered at least 3,000 mi.

When bases are available close at hand (Iwo Jima is only 750 mi. from Japan), bomb loads can be boosted as gasoline load is reduced.

Developments in southeast Asia will be worth watching during the next few months.

While the Pacific command is obviously paving the way for an invasion of the main islands of Japan, you shouldn't be surprised if a diversionary blow is struck in the Southeast.

The MacArthur landing at Zamboanga not only prepares the way for the liberation of Mindanao Island in the Philippines but also sets the stage for a possible attack on Borneo—one of the richest oil bases in the South Pacific.

Bound to be under terrific pressure to speed up the war in the Pacific after V-E Day, Washington military chiefs are expected to gamble for control of a local oil supply in the Far East to provide vast new supplies demanded by revised plans to use large U. S. forces on the China mainland.

Also in a play for public favor, they may push one step further (in conjunction with British forces operating from Ceylon) to free a major natural rubber supply to ease civilian transport problems in all Allied countries—at least as far as manpower and other raw materials permit (page 19).

Japanese forces in the southern Philippines, Netherlands Indies, and Malaya are now almost completely cut off from reinforcements and fresh supplies, and probably could be pushed out of at least one major rubber area without great difficulty.

Big-scale rehabilitation of Philippine industries, except where they provide direct aid to the military, is not even going to be considered by Washington until the question of economic relations with the U. S. after the war is clarified.

Unless the proposal of the Philippine Rehabilitation Commission that the islands retain their tariff-free position in the U. S. market for 20 years after the war is approved (BW—Mar. 3'45, p113), private U. S. industry has no incentive to rebuild plants destroyed by the Japanese.

On the other hand, even the State Dept.—in its drive for universal multilateral trade after the war—opposes any preferential commercial arrangement with the islands. So does the Farm Bureau.

BUSINESS ABROAD

Crack on Exports

Byrnes sets up committee of agency officials to oversee distribution of short supplies for use abroad and at home.

The crossing of the Rhine in the west and the Oder in the east by Allied armies swinging from the floor for a coordinated knockout blow at the Reich has crystallized the critical nature of the supply problem confronting the United States, chief storehouse of the United Nations.

Five Main Problems—Early this week supercommittee of top U. S. agency executives was created to screen and regulate American export commitments—other than direct lend-lease and military aid needs—in the light of these problems:

(1) The imminent collapse of German resistance, with the prospect of the most unexpected relief demands for an enemy territory to prevent chaos or revolution.

(2) The long-ignored urgent needs of Italy, a former enemy land now ready to lay \$100,000,000 cash on the line for goods, and of other United Nations (such as France) which are in a state of economic collapse.

(3) The newly admitted needs of China, from which the final military blows at Japan may be struck, which may run to \$1,000,000,000 in the next few years.

(4) The recently arranged lend-lease credit programs, approved for France (BW—Mar.10'45,p111) and likely to be extended to the Soviet Union, calling for spectacular quantities of materials now in short supply.

(5) And finally, the continuing needs of our minor, but essential, allies in Latin America—who received promises of U. S. supplies at Chapultepec (BW—Feb.24'45,p15)—and other friendly nations (such as Turkey).

Immediate Action Asked—Director of War Mobilization James F. Byrnes called for immediate and authoritative action to guarantee equitable distribution of U. S. exports among needy nations and to preclude injury to American civilian supply or to preparations for reconversion to peacetime production through excessive exports.

The committee includes WPB Director J. A. Krug; Assistant Secretary of State William Clayton; the War Dept.'s Lt. Gen. Brehon Somervell; the Navy's

Capt. L. H. Strauss; War Shipping Administration's Capt. Granville Conway; Judge Marvin Jones of the War Food Administration; and as chairman, Leo Crowley of the Foreign Economic Administration.

• **New Orders Imminent**—The Byrnes order, in addition to warning of unprecedented new and urgent orders from overseas, implies that a serious breakdown or unnecessary confusion has occurred in allocation of scarce and semi-scarce goods from U. S. production. It

implies—by suggesting revision of some advance commitments—that U. S. stocks are dangerously low, and that long-term allocations to foreign buyers may appreciably interfere with orderly production of equipment to facilitate American reconversion to a peace economy.

In addition, the appointment of the committee is recognition of the fact that the end of the European war will suddenly permit the United States to meet a long list of foreign demands which could not be filled while the fighting has

Hemisphere Plan Faces Hurdles

MEXICO CITY—Within certain definite limits carefully outlined in advance by Washington, the recent Mexico City conference of hemisphere foreign ministers was definitely a success.

After 16 days of friendly but intensive negotiations, the delegates approved a series of 60 resolutions intended to provide the framework for political, economic, and military cooperation within the hemisphere.

• **Security Bloc Formed**—Specifically, the so-called "Act of Chapultepec" provides a pattern for regional cooperation, intended to function within, and subordinate to, a larger world program which will be rounded out at the United Nations conference in San Francisco next month.

Tied into this act is a specific plan for united action in case of aggression by either non-American or American powers. This plan, designed specifically to deal with recent threats from profascist Argentina, significantly reverses a traditional fear of "Yankee imperialism" among Latin Americans and specifically calls for the use of U. S. troops (with others) if any Latin-American country is attacked.

• **Economic Charter Drafted**—Of greatest interest to business is the "economic charter," with its basic pattern for reconversion from war to peace, for the boosting of living standards in backward areas, and for the orderly control of foreign trade during the months (possibly years) ahead when demand for manufactured goods is bound to outstrip supply and while dangerous stockpiles of certain raw materials, already beginning to accumulate (BW—Feb. 24'45,p15), threaten orderly trade.

Practically, however, it is too early to make any real appraisal of the results of the conference.

The Act of Chapultepec, beyond

providing an immediate weapon to cope with any Argentine crisis which might develop during the war, is meaningless until it is fitted into the world security program which will be framed in detail at San Francisco.

• **Crucial Parley in June**—Likewise the economic charter is meaningless until it is interpreted in specific terms. The test of this hemisphere's ability to put Mexico City's general plan for economic collaboration into practice will come in June when all of the Pan-American nations (this time including Argentina) will join in an Inter-American Technical-Economic Conference in Washington (BW—Mar.3'45,p112).

The U. S., for instance, is asking for the gradual reduction of tariff barriers, but certain Latin neighbors are insisting that some allowance must be made for them to protect infant industries if they are to carry through their own industrialization programs.

Several important Latin-American countries, on the other hand, want export subsidies discontinued, but Washington has so far refused to make any commitments along this line because of its cotton and wheat surplus problem.

• **Home Control Demanded**—While Washington has demanded that foreign investment capital be given exactly the same treatment as local investments in all countries, Latin Americans are insisting that they have a right to specify certain fields in which, for reasons of security or local social interests, domestic control is necessary.

Only when these specific problems are solved can the real success of the Mexico City meeting be measured. In the case of the economic issues, the answer will come in June at the all-important technical-economic meeting in Washington.



THEIR JOB: ORDER FROM CHAOS

With the Allied onslaught against Germany now in high gear, the United Nations Relief & Rehabilitation Administration has been summoned from near-obscurity to tackle a job which has overwhelmed the military—caring for human debris in the wake of the war machines. Preparing to sail for combat zones, four UNRRA leaders in London—(left to right) a Dutchman, a Britisher, an American, and a Russian—typify the kind of talent required to do an intelligent job of relief among the scrambled nationalities roaming occupied German territory. A large proportion of the administration's 2,000 workers are now on the move to man 100 refugee centers in Germany (BW—Mar. 3'45, p31); many thousands more must be recruited to work in 350 additional centers which are being demanded by the Allied Supreme Command.

been going on. And selection among those demands requires an organization to set up priorities. To that extent the new machinery represents preparation for the transition period.

• **Nonmilitary Items Covered**—By its terms of reference, however, the new committee is prevented from acting as a check upon the military's "too much too soon" philosophy (BW—Mar. 10'45, p15): It is to deal only with nonmilitary supply.

Under this head come not only requirements of U. S. housewives and manufacturers, but the needs of the United Nations Relief & Rehabilitation Administration, of the purchasing missions of the governments of liberated areas, and of all other foreign buyers among the United Nations and neutral countries.

• **Committees Coordinated**—The committee will be expected to bring together in one arena of authority the areas now ruled by the WPB central requirements committee, the War Food Administration's allocating division, the

War Shipping Administration's tonnage allocating office, and the British-Canadian-American combined economic boards, chiefly the Combined Production & Resources Board. Byrnes' order left the exact relationship of the new committee to these agencies obscure.

Until now, each of these diverse authorities has been the target of more than a score of claimants. WPB's requirements committee, for instance, has received estimates of quarterly needs for a year ahead from such domestic agencies as the Office of Defense Transportation, War Food Administration (perhaps seeking steel for farm implements), and the Office of Civilian Requirements. In addition separate Army and Navy supply programs were submitted. There has been a lend-lease supply program, submitted by FEA, which also made requests for export commitments to friendly foreign governments. Hidden away among these claims have come requests for goods that are ultimately destined for military relief, UNRRA relief, export to neutrals,

and for cash-reimbursable lend-lease. • **Role of Other Agencies**—On the international level, part of the burden of demand is regularly shifted to allies, chiefly the United Kingdom and Canada, by the three-power Combined Production & Resources Board.

The War Food Administration, overseer of domestic food supply, holder of set-asides for the military, lend-lease and UNRRA, and provider for other foreign food purchasers. On the international level it participates in the management of world food supply through the Combined Food Board.

The War Shipping Administration plays a similar role, and is the U. S. authority in the Combined Shipping Adjustment Board, controller of all tonnage available to the United Nations.

• **Equitable Supply Is Aim**—Among the most urgent of problems today is the equitable supply of liberated areas.

During the period of military activity relief is technically in the hands of the Army Civil Affairs Section, G-5. Until a fortnight ago western Europe was unwilling to accept UNRRA aid.

• **Realistic Program Set Up**—The procedure followed by France, with desperate earnestness, illustrates the complexity of foreign supply technique. The French Supply Mission, representing the tightly knit industry interests working through government officials, submitted a program of import requirements to UNRRA and the Combined Boards late last year. It was a minimum supply program designed to restart the economy. But it called for too much ship tonnage, for unprocureable items for goods already being supplied by the Army, and for a larger share of many items than an equitable worldwide distribution would permit.

Consequently, a new, more realistic French import program had to be compiled. It was not completed until the middle of January, and had not received the approval of the Paris military-economic Four-Party Committee (BW—Feb. 10'45, p113) until a fortnight ago.

• **Problem of Balance**—The French import program has been tailored to fit what ship tonnage might be made available after all military needs are met—nominal 260,000 during the first three months of 1945. It was first studied by UNRRA—supreme authority of world relief requirements—and by the Combined Boards—supreme authority on the availability of raw materials, finished goods, and production capacity among the United Nations.

UNRRA's interest in the French program is dual: It must judge whether supplying French requests will conceivably deprive some liberated area in the future and it must examine its own procurement

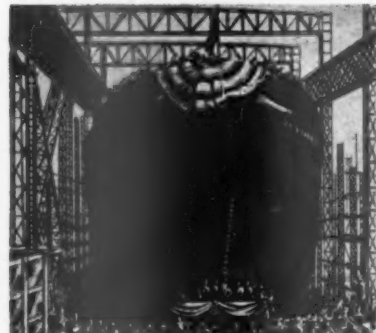
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S.O.S. FROM A SHIP MOORED TO A PIER

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war emergency call to every experienced seaman now working on land.



If you have been a mate, engineer, radio officer, or "AB," you are badly needed on board ship—and you are needed *right now!* With the war coming to a climax in one theatre after another, the call for supplies is staggering. We've got the supplies. We've got the ships. BUT ...

2. We haven't enough experienced men! New ships are being commissioned every day. Each of them needs 50 to 125 experienced men of all ratings—from officers to ordinary seamen. Men like you—with savvy and sea legs... and the experience to keep the convoys sailing!

3. Today, you can climb fast! Upgrading in the Merchant Marine is faster than at any time in the service's history. In six months a man can make the progress that would have taken *three years* before the war! (Some skippers today have come up from able-bodied seamen in three years!)



There's a great future! Admiral S. Land, chairman of the Maritime Commission, says, "Men who return to the sea now, have a big opportunity ahead. After the war the Merchant Marine will be one war industry that can team full speed ahead carrying supplies needed to rebuild a war-torn world."

Will you help finish the job? The Merchant Marine already has won the gratitude of every American for the enormous job it has done—delivering the goods for invasions... delivering the bombs which helped shatter the Japanese fleet... making the "run to Murmansk" which helped Russia crush the Nazis. Now—let's *finish* the job!

You can help our fighting men to get over the last hump! You can do it by using *your* experience where it will do the most good—*on board ship!*

SIGN UP NOW! Report to your nearest War Shipping Administration office... or to your maritime union... or U. S. Employment Service. Or wire collect to Merchant Marine, Washington, D. C., giving your name, address, and rating. *Do it today!*

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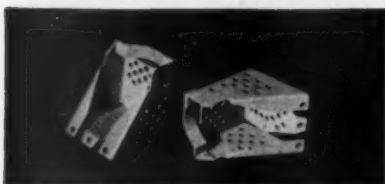
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for Precision Parts



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ment schedules and stocks from which transfers to France can be made.

• **Scarce Supplies Listed**—The Combined Production & Resources Board determines the quantity and area of procurement (the U.S., Canada, the United Kingdom, or other United Nations source) of all finished items in short supply.

The list of these so-called "reserved commodities" is limited, but critical. It includes (1) public utilities equipment, (2) transportation equipment, (3) farm machinery (except hand tools), (4) some medical supplies, (5) footwear and leather products, (6) coal and coke, (7) all underground coal mining machinery, (8) almost all textile materials and products.

• **FEA Assists Missions**—Theoretically, foreign purchasing missions may shop for any item not on this list, but in practice most of them have turned to FEA for help. As official buyers they frequently prefer to deal with and through a government agency—to avoid kick-backs at home—but with equal frequency they designate sources from which they want to buy—with which they have made contact.

For goods in short supply the CPRB schedules procurement, often from each of the three countries represented—Canada, the United Kingdom, and the U.S.—and over lengthy periods of time if necessary.

Under this complex system, prospective needy countries were all warned to submit detailed requirement schedules last year, even of a tentative nature. Those failing to do so were ignored when final allocations were made. Consequently production of a number of items—locomotives, for instance—was booked solid through 1945 before all needs were met or even appraised.

• **Strict Controls Likely**—The prospective, but unprepared-for, demands sure to follow the end of organized resistance in Europe—now expected perhaps by midyear—have precipitated the crisis which the Byrnes-created committee must attempt to solve.

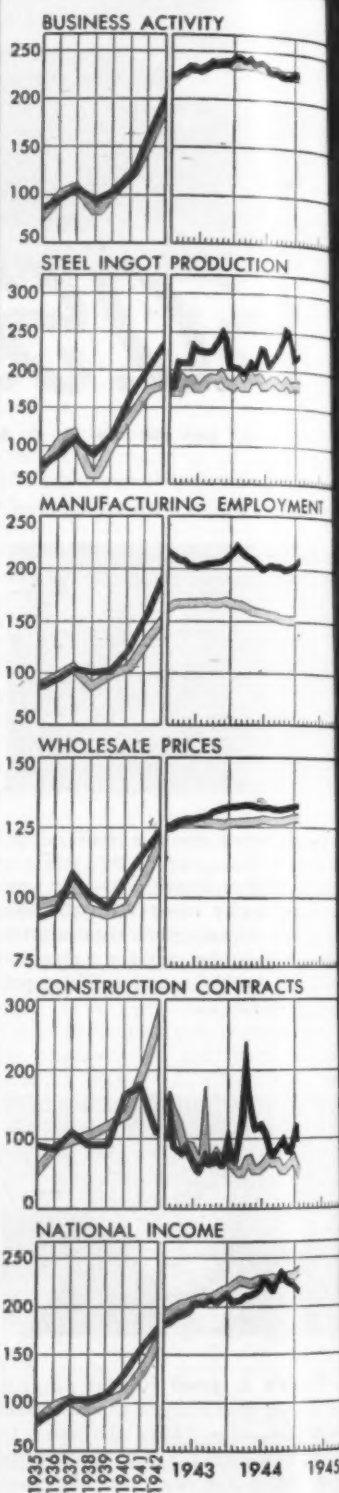
The committee's job will be to systematize procurement procedure and export control and to bring together all the agencies dealing with supply and foreign shipments—including the State Dept., which may be expected to wield increasing power as military primacy dwindles.

In preparing for now-foreseeable emergencies on a broader and longer-range basis, it portends a continuation of strict controls at least until the termination of the Pacific war, and perhaps longer. The precedents its sets should be conducive to rapid and smooth elimination of controls and lay the groundwork for an equally rapid rebirth of free foreign trade.

TREND OF BUSINESS CANADA AND U.S.A.

1935-39 = 100

CANADA



CANADA

Bond Goal Lifted

Canada's eighth war loan drive seeks \$1,500,000,000, one-half of it in subscriptions from individual citizens.

OTTAWA—Canada's semiannual drive to pry spare dollars out of the pockets and bank accounts of citizens begins Apr. 23 when the Eighth Victory Loan gets under way.

Larger Goal Set—The sights of this drive have been raised to \$1,350,000,000 compared with the last loan goal of \$200,000,000—and Finance Minister James Hsley aims to get at least half of the total from individuals. Individual subscriptions in Canada have consistently comprised a larger share of the total than in United States war bond drives.

Actually the objective is set lower than it might have been and there are strong hopes that it may be exceeded by a very wide margin. Last time subscriptions totaled \$1,517,000,000 of which \$766,000,000 (slightly over 50%) came from individuals. The government has set another reasonable objective rather than run the risk of falling short.

Timing May React—Unusual conditions made the loan administrators uneasy.

With a general election in the offing and political attacks on the government becoming more pointed, the public is expected to be less willing to lend. There is also an outside chance of German collapse before the loan drive ends. Finally, the spring drive will find the farmer with less loose money to invest and city dwellers in a spending, rather than a saving, mood.

Deposits Pile Up—Since the beginning of the war the government has financed roughly half of total expenditures of \$20,000,000,000 by borrowing from the public. But even so, cash and bank deposits of individuals are up \$1,500,000,000—or well over \$100 per capita—and that constitutes an inflation threat that makes price control officials uneasy.

The effectiveness of semiannual war loans in draining off individual cash surpluses has been noted by retail business and investment firms: Loan periods usually bring about a slight recession in stock market prices as well as a slowing down in the turnover of consumer goods.

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THE MARKETS

(FINANCE SECTION—PAGE 56)

The stock market started this week off by rolling over and playing dead. New York Stock Exchange trading on Wednesday, for example, slumped to half the levels of many active days recently, registering a new daily low for activity since last fall.

• **Selling Wave Subsides**—It looked almost as though Wall Street were listening dutifully to Washington warnings against speculative profits (BW—Mar. 3 '45, p. 74); actually, the sudden drop in stock market activity probably represented at least a temporary drying up of the sharp wave of selling which towards the end of last week plunged prices downward at the dizzy pace recorded since September, 1944.

Last week's liquidating wave struck the stock market (and also bonds and commodities) with startling abruptness on Thursday, relatively soon after stocks as a whole had shown an ability to climb up to levels not seen since late in the summer of 1937.

• **Embarrassed Bulls**—For many Street bulls who had been insisting that the market had long ago discounted the possibility of an early European peace, the liquidation was particularly embarrassing, since the wave of selling was actually touched off by a new case of "peace jitters," engendered this time by news that the American armies had effected a quick crossing of the Rhine.

The avalanche of selling—inspired by a reawakening of fears concerning industrial activity and earnings during reconversion—found most issues, due to last month's sharp rise, sufficiently vulnerable to make individual losses of \$4 or more quite commonplace. Also, in the two days that it lasted, the liquidation

urge was strong enough to cause 4% and 6% drops in Standard & Poor's industrial and rail stock price indexes and erase about all their February gains.

• **Traders Nervous**—Thus far last week's crack-up has been followed by only a minor price recovery movement, and brokers report that many market followers still remain nervous and undecided over the course they should next pursue.

Some technicians, also, aren't yet sure whether the "shakeout" has been completed. The previously bullish market seers, however, claim to see no basis for expecting it to turn out to be anything but a minor corrective move. To a man, they are advising clients not to disturb long positions at the present time.

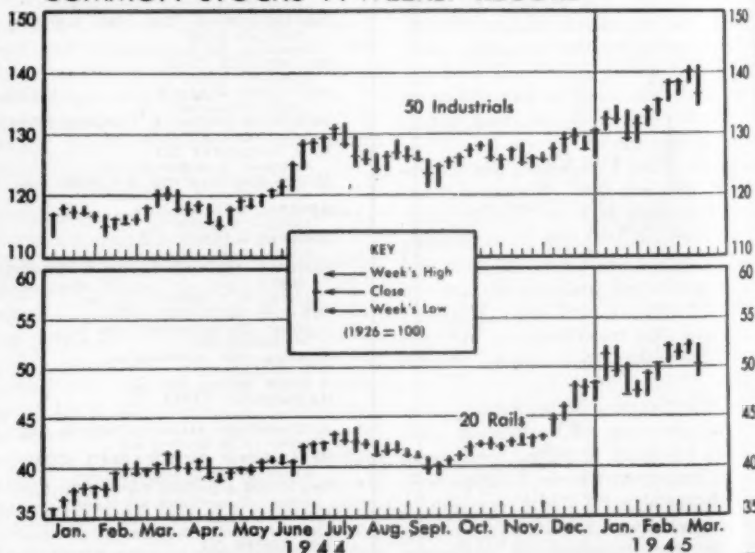
• **Wary of New Regulation**—Upsetting to more than a few other market analysts, however (in addition to the reconversion uncertainties they see ahead), is official Washington's insistence that a way be found to curb stock market speculation. They particularly fear an increasing of margin requirements to 100% or lengthening of the holding period for establishing long-term capital gains to 18 months, as is being suggested.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	136.5	140.2	135.5	120.4
Railroad	50.3	52.3	50.4	40.5
Utility	61.4	62.7	61.0	51.9
Bonds				
Industrial ...	122.7	122.3	121.9	119.5
Railroad	114.5	115.1	114.3	105.4
Utility	116.7	116.6	116.6	115.8

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

THE TRADING POST

Line Is Busy

Eighty-six million conversations a day in 1944. That's an average of nearly 100 every second, and proof enough of the American Telephone & Telegraph Co., which, with its subsidiaries, is the Bell System, is a very large concern.

If additional proof were needed, it is found in the recent annual report to stockholders. Total assets of more than \$1 billion dollars; 21½ million telephones, 668,000 stockholders, 439,700 employees, an annual payroll in excess of \$1 billion dollars—figures such as these leave no doubt that here is an organization that plays an important role on the American scene. It seems safe to say that perhaps no other single corporation so directly affects the daily lives of so many.

But A. T. & T. is more than big. In many ways it is unique. It represents the modern concept of a managed property, as opposed to ownership-operation. This is made clear in the foreword of the annual report where the board of directors refers to "management's accounting of its stewardship." Since no stockholder owns as much as half of 1% of the total stock, and since operations extend from coast to coast and across the seas, it is evident that responsibility for success or failure of the enterprise must rest with the comparatively small group that constitutes its management, rather than with the thousands upon thousands of investors.

* * *

Reporting on how the Bell System has met unprecedented war demands, the directors warn that future demands probably will be still heavier, but add: "Fortunately, the system has the organization, experience and resources to perform whatever war service it may be called upon to render. Its physical plant is incomparable in size and quality. The men and women who provide the service are alert, competent and courteous. The management, which has risen from the ranks, is trained and experienced."

If I were seeking something to criticize in that statement, I should question the use of the word "fortunately." That could give the impression that pure luck had an important bearing on the system's ability to meet present and future war demands. Good fortune undoubtedly has visited the corporation and its subsidiaries on many occasions, but present and previous annual reports indicate that an alert and enlight-

ened management has been on the job both when fortune smiled and when ill winds blew.

The parent organization has been called a holding company, but seldom with the evil connotation of that phrase. Last year, alone, development and research work performed for the company by the Bell Telephone Laboratories cost nearly eight million dollars, and benefits of this program are extended down to the smallest exchanges, and, through them, to the subscribers who now enjoy the privilege of being connected with some 26 million other telephones in this country.

* * *

Although earnings on investments in the war years have been low, the \$9 dividend rate, which is almost as much of a trademark as the original Bell symbol, has been preserved. Ability of the organization to maintain its dividend stability in depression and war years undoubtedly can be traced back to the twenties when management announced that it would plow a greater share of its earnings back into the system rather than increase dividends when income was high.

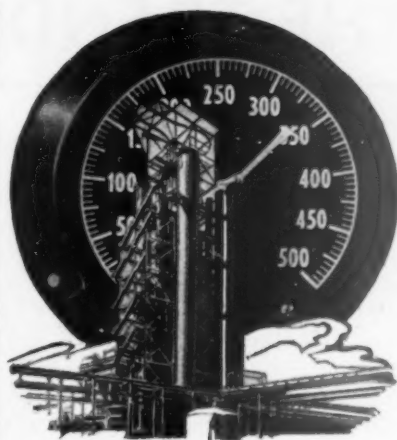
At a time when many firms are considering the advisability of installing pension and benefit programs for their employees, to supplement the social security plan, the Bell System can report that its own private setup has been in operation for 32 years, and that, since 1927, service pensions have been accruing in advance on an actuarial basis.

The Bell System has been called a monopoly, but seldom has it been included in any list of horrible examples of noncompetitive operation.

Actually, it never has been quite the monopoly some believe, for even today, it controls only about 80% of the telephones it can connect with. While it is true that many of the operating companies have no competition in providing telephone service, the parent company does have to compete with other forms of industry for the investors' dollars.

Since the annual report indicates that the company faces a postwar plant improvement program estimated to cost more than a billion dollars, it looks as though the present heavy investment in research and engineering, and the maintenance of a satisfactory current earning schedule, will be important if public support is to be readily obtained for future financing.

W.C.



For newest industries

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THE TREND

HOW HIGH ARE WARTIME LIVING STANDARDS?

Americans are facing the sharpest pinch of the war—meat shortages, fuel shortages, textile shortages, not to mention cigarette shortages—just when their dollar expenditures are soaring to new records, and yet official prices remain under firm control. Here in extreme form is the central anomaly of the wartime civilian economy: We live in an atmosphere of sacrifice at a time when official statistics tell us we have attained higher living standards than ever in our history.

- Consumers now are spending even more than the 98 billion dollars they spent in 1944, which was over 30% more than the 75 billions of 1941, and almost 60% above the 62 billions of 1939. After the Dept. of Commerce's correction for price increase—25% since 1941 and 34% since 1939—is applied, there is left a "real" volume of goods and services for civilians almost 20% above 1939 and 5% higher than in 1941.

By this indirect evidence, we seem to stand at a new consumption peak—on top of which we must reconvert our war production to peace. But is this record really a fact? We have no figures showing total actual goods and services for civilians, but from various separate statistics we can piece together the picture.

- To start with the biggest single item, 1944 retail food sales were up over 50% from 1941's 13 billions, while Commerce's indexes of prices rose only some 30%, indicating a jump in real consumption of 15%. However, total civilian food consumption fell off 2% or so, according to the Dept. of Agriculture.

Clothing expenditures soared almost 60% from 1941's eight billions, while price indexes advanced 33%, leading Commerce to conclude that there was a real expansion in apparel purchases of almost 20%. But again, War Production Board figures show that in 1944 civilians got 12% less cotton textiles than in 1939, a bit less wool, a good deal less rayon—and other government data indicate a total textile drop from 1941 of roughly 25%.

Even dollarwise, durable goods are down one-fourth from 1941's nine billions, and after price correction, the drop is slightly more. Physical supply figures here are far from comprehensive, but they do suggest that furniture, auto parts, hardware, and similar hard goods were only half to two-thirds of 1941's volume.

Consumer services in the aggregate increased almost 25% from 1941's 25 billions, but price indexes rose almost as much. Of these services, the "real" rental value of housing—10 billions in 1941—could change little in the nature of the case, since few new homes were built or worn out. As for all other services, aggregating 15 billions in 1941—domestic, household, cleaning, medical, recreational—a Business Week computation shows that

employment in these lines, weighted by the relative value of each service, was maintained from 1941 through 1944, implying that there was no cut in the use of services.

A sprinkling of other figures shows, for example, that expenditures for tobacco products rose almost 15% after correction for price gains, whereas actual cigarette consumption rose about 10%. Also, spending-price statistics imply a drop of over 40% in gasoline and oil consumption, as against a reduction of over 50% in the physical number of gallons. Sales by restaurants nearly doubled 1941's total of almost 5 billions, and their prices went up 30% according to the indexes, indicating an expansion of 50% in "real" consumption. Finally, there was a 20% boost in the indicated "real" sales of a miscellany of liquor, florist, fuel, feed, and other stores.

- Although it is fairly obvious that the physical volume of consumption in 1944 was above the 1939 level, even an optimistic reading of the supply figures indicates that 1944 volume was below that of 1941. Obviously, some goods or services have increased, while others have really run short, and still others have failed to keep pace with soaring purchasing power, thus creating the atmosphere of shortage. But the question that remains is how to reconcile the discrepancies between actual supplies and those implied by the price-sales data.

In some cases—for instance, leather shoes dropped 35% from 1941 to 1944 while actual sales fell off only 10%—an explanation is found in the draining of stocks. More commonly, the explanation can be found in the stretching of supplies—shorter shirttails, smaller towels, narrower skirts. This phenomenon is hard to separate from quality deterioration—more fat on meat cuts, less sugar in pastries, less butterfat in cream. And these are also closely related to forced shifts in buying patterns—from home meals to restaurants, from auto to rail transportation, even from nickel to quarter cigars. Indeed, there is a large variety of changes from normal production and price behavior, which must be explained largely in terms of hidden price increases. Yet most of these are not considered increases in living costs, which price indexes measure.

- All of this means, however we regard the wartime changes in terms of standards or costs of living during the war, that the return to a peacetime economy must mean more expenditure of effort—perhaps some five million more jobs—for the same volume of consumer spending at the same measured price level as now. It is in this perspective that we must see our wartime experience in planning for peace.

The Editors of Business Week

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